The Mysore Economic Journal

A Monthly Periodical devoted to the Discussion of all Economic Topics of Interest

Vol. XIX JUNE 1933 No. 6

Financing of India's Foreign Trade—I.

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India's total import and export trade amounts to about Rs. 600 crores a year. The bulk of this trade is in the hands of non-Indian banks which are about 18 in number. Two of these, Messrs. Thomas Cook & Son and the American Express Company Incorporated, deal mostly with tourist traffic and the Chartered Bank of India, Australia and China, the National Bank of India, the Mercantile Bank of India, the P. &. O. Banking Corporation and the Eastern Bank have a considerable portion of their business in India. The remaining eleven are branches or agencies of large banking corporations doing a major portion of their business abroad. Eight of these have their head offices in England; three in Japan; two in Holland; two in U.S.A.; one in France; one in Portugal and one in Holland.*

The following table gives figures relating to their deposits and cash balances in India for a series of years† :—

	No. of banks.	Capital Reserve and Rest.	Deposits in India.	Cash Balance in India.
		£ (1,000)	£ (1,000)	£ (16,000)
1913 (Pre-war Year)	12	37,825	23,276	4,411
1919 ..	11	53,070	55,769	22,487
1920 ..	15	90,217	56,105	18,881
1921 ..	17	111,632	56,397	17,675
1922 ..	18	112,221	55,038	12,132
1923 ..	18	140,103	51,332	10,859
1924 ..	18	130,464	52,976	12,275
1925 ..	18	138,311	52,909	7,062
1926 ..	18	148,003	53,658	8,046
1927 ..	18	180,919	51,647	6,098
1928 ..	18	187,923	53,354	6,042

* Pages 310 and 311, *Central Banking Enquiry Committee Report*.

† P. 311.

The financing of this foreign trade generally consists of two operations, *viz.*, (1) The financing from the Indian port to the foreign port or *vice versa*, and (2) the financing from, or to the Indian port to, or from the up-country distributing or collecting centre.

MECHANISM OF FINANCE.

The port to port trade of India is mostly in the hands of the foreign exchange banks which monopolise a large part of the second operation also of that trade.‡ With regard to the financing of exports, the procedure is this: The London importers of Indian produce open credit with London banks and finance houses, and send advice to India through exchange banks. Three months' sight D.A. or D.P. drafts are drawn against such credits. The exchange banks purchase those bills, send them to London, get them accepted by the banks concerned, endorse them and discount them in the open market. For purposes of rediscount of paper with the Bank of England, two British signatures on such paper are necessary. Thus the exchange banks receive back in sterling the equivalent of their rupee payments in India. They may also hold the purchased bills till maturity when trade is not very brisk and they do not expect an

‡ The Exchange Banks Association' furnished a statement to the Central Banking Enquiry Committee regarding the participation of Indians and non-Indians in India's foreign trade which shows that Indians have a larger share than 15 per cent, and that this share of Indians is increasing. (Appendix III, of written evidence before Indian Banking Committee). Mr. Sircar is inclined to believe that the actual proportion of this trade financed by Indian concerns comes to about 20 per cent. P. 550 of his *Minute of Dissent*. The Indian Chamber of Commerce, Calcutta, estimated this share at 15 per cent which is accepted by the Dissenting members of the Indian Banking Committee.

immediate employment of these funds. If these bills are sent for collection through exchange banks, the Indian exporter has to wait for the maturity of the bill before he gets his money. The bulk of these bills between India and Europe, America and the rest of the Colonies is in sterling, while the drafts from and to Japan are in yen and those with China in terms of rupees.

Import trade is financed by (*a*) 60 days' sight D.P. drafts drawn on Indian importers and (*b*) London Banks' acceptance of 'house' paper. In the latter case the London exporter draws a bill on the London office of a foreign bank which accepts the bill and the drawer discounts it in the London money market. The accepting bank forwards the relative documents to its branch abroad for collection of the proceeds from the foreign office of the exporting firm and the proceeds are sent to London before the bill matures.

Both these instruments are in sterling and in the former case interest is payable at 6 per cent from the date of the bill to the date of the arrival of the funds in London. In the latter case the bill is discounted in the London money market at a lower rate and importers who have London houses of standing to arrange for acceptance of their paper benefit by this process.

With regard to the second operation, *i.e.*, the financing from or to the Indian port to or from the up-country distributing or collecting centre, the process is different. The export trade or the movement of the produce from the village to the mandi is financed by zamindars, money-lenders, indigenous bankers and co-operative societies. The Imperial Bank and the joint stock banks also help in financing in villages because they lend money in mandis against stock in the godowns of commission agents and exporting houses. The latter in turn lend to village producers against the latters' contracts to deliver goods at subsequent dates. The exchange banks take a direct part when the produce is moved from the mandi to the port. In mandis the exporters take delivery of the produce through a shroff who finances the payments and gets a commission of ½ to ½ per cent over the transaction. The shroff is paid by means of demand draft on the exporter's firm at the port and signed by the firm's representative at the inland centres. These drafts are purchased by the Imperial Bank, the indigenous bankers and the exchange banks and the shroffs thus get money to finance further transactions. The import trade from the importing centres to the distributing centres in India is generally financed by commission agents, shroffs and Indian joint stock banks. At important centres like Amritsar, Cawnpore and Delhi the D. P. drafts are usually paid before maturity by the importers. They get loans from the exchange or joint stock banks against a margin of 20 per cent of the value of the goods *plus* all import charges and have to pay interest at the Imperial Bank rate.

The exchange banks also finance the imports of gold and silver bullion. The majority of the Bombay Bullion importers are members of the Bombay Bullion Exchange, Limited. These dealers place orders directly or through the exchange banks. As soon as an advice is received from London or New York of the purchase of bullion, arrangement is made with an exchange bank for remittance by purchasing a bullion T.T. This contract between the bank and the dealer is made through certified brokers. The bank is instructed by the dealer whom to pay in London or New York against complete shipping documents. The bank instructs its agents to make the necessary payment. As the bullion arrives in Bombay, the bank clears the consignment and stores it in its strong rooms and the dealer has to take delivery within seven days. Interest at the Bank of England rate, subject to a minimum of 4 per cent, is payable from the date of payment in London or New York to the date of payment in Bombay.

Inability of Indian Banks.

Indian joint stock banks are not legally prohibited to take part in the financing of foreign trade. When the National Bank of India was established it did take up the business. Some of the now defunct Indian joint stock banks have at one time or another done this business and the instance of the Alliance Bank of Simla which failed in 1923 may be cited as an illustration. During its six years' career the Tata Industrial Bank also took up the foreign exchange business freely. The main reasons why Indian joint stock banks do not undertake this profitable business are as follows:—

(1) The competition of well-established non-Indian exchange banks with huge reserves and capital.

(2) The absence of branches of Indian banks at important financial centres in foreign countries which prevents them from taking part in arbitrage and direct exchange business.

(3) The employment of Indian banks resources in internal trade.

(4) It is difficult for an Indian bank to establish a branch in London because the bank must have a very large capital to command credit in the London Discount Market and it should be in a position to bear a loss of Rs. 5,000 every month for at least three years.§ It must have a trained and reliable staff with knowledge of international exchange and the floating resources of the bank should be large enough to permit a big turn-over. The bank can hardly expect to receive in London local deposits or other business from the British public. Besides the above difficulties exchange banks in India have been so well established and so well provided with funds through their Indian branches and the London discount market at cheap rates that it would be difficult for an outside institution to compete with them. Some of these difficulties are such that they cannot be removed even by the Government.

The Imperial Bank is prohibited by its charter to undertake the business of financing foreign trade apparently because it holds Government balances and should not take up risky business.

RUPEE IMPORT BILLS.

The bulk of both imports and exports is financed by means of sterling bills. In case of exports, it is to the advantage of the Indian trader to draw bills on London so long as credits can be opened there and in this way have access to the discount facilities at the international financial centre. In case of imports a very small part of trade is financed by bills which get the advantage of the London money market; because the import bills are mostly D.P. drafts. Rupee bills should, therefore, be introduced in this connection. The exchange banks' representatives say that this is a matter of settlement between the exporter and the importer and that the bulk of the import bills coming out are for relatively small amounts and in their case the chances of creating a discount market are not great.‖ It should be said that the present time is very opportune for insisting on rupee import bills being drawn because the foreign manufacturers are very keen on disposing of their manufactured goods in India.

The foreign experts pointed out in this connection that the improvement in the inland bill and money market was the primary problem to be solved before progress to an appreciable extent could be expected in the use of rupee bills for settling foreign transactions. These bills will be drawn in the currency of that country where the interest rate was lowest and best discount facilities were provided. Both these conditions are wanting in India at present. Under such circumstances enforcing the foreign exporters to draw rupee bills would hamper trade and industry by raising the cost of imported goods.

The foreign experts assumed that India's import trade was financed in the cheapest way, but this assumption is unjustifiable. Import bills are mostly 60 days D.P. drafts on which the Indian importer has to pay interest usually at 6 per cent from the date of the bill to the date of the arrival of the proceeds of the bill in London. This rate is raised when the Bank of England rate is above 5 per cent. It is thus clear that the rate paid by the Indian importer is not based on the open market rate of discount in London and so long as this state of affairs continues the natural bill market for the import business of India is India and not England. Further, the exchange banks should change their method and accept the bills instead of purchasing them.

ACCEPTANCE CREDIT.

As regards export trade, the system of bank acceptance credit should replace the cash credit system prevailing at present in India as the latter is inelastic and interest is charged generally on at least half the amount of the loan whether fully taken advantage of or not. Under an acceptance credit the exporter would draw on the bank for the amount of the credit and this 'would make it possible for him during the life of these drafts to send the goods forward, drawing an export draft on his customer and offer it for sale to his banker in liquidation of the obligation at the maturity of the rupee draft

§ P. 312, *Central Banking Committee Report.*

‖ This contention of the exchange banks that these bills are in very small amounts and are of no use for a discount market cannot be conceded. "If the exchange banks can lend as much as 30 crores to Indians on their local advances, including advances against import bills, in spite of the bills being in small amounts, surely, a discount market could do the same and if it wanted to borrow on them, it might rediscount them in parcels to make up sufficiently large amounts. It is not, therefore, the size of the bills which stood in the way of the creation of a discount market in India, but the reluctance of the banks to part with the profits of the business." N. R. Sircar's *Minute of Dissent*, p. 558.

to which the banker has given his acceptance under the credit.' This would considerably lighten the burden on the exporter during the period his merchandise is stored.* This is what America did after the war. In India acceptance credit is used only to a limited extent for the following reasons :—

(a) Non-existence of documents of title such as warehouse warrants and R.R. in a suitable form ;

(b) The efficiency of the cash credit system;

(c) The high stamp duty on bills ; and

(d) The difficulty of introducing a suitable bill form for the whole of India.

EXISTING FACILITIES.

The Exchange Banks' Association informed the Central Banking Committee that 'merchants are at present able to obtain from the exchange banks all the assistance they require to finance their export and import trade provided they are of good reputation and possess means in reasonable proportion to the trade that they do.' They further said that no solvent businessman experienced any difficulty in obtaining finance only if he furnished the necessary information in the form of a balance sheet and a suggestion was made that Indian businessmen should adopt the businesslike practice of having their books regularly audited by a recognized auditor and a balance sheet in correct form drawn from time to time.† Indian merchants, however, find that the state of affairs is quite unsatisfactory from the point of view of business and trade of India. The following are the grievances of the Indian traders against foreign exchange banks :—

(1) The Indian importers are compelled to do business only on D.P. terms and they seldom get D.A. terms which is attributed to unsatisfactory bank references given by the exchange banks although the latter deny this fact.

(2) In order to get a confirmed letter of credit opened, even first class Indian importing firms have to make a deposit of 10 to 15 per cent of the value of goods with the exchange banks, while European houses in Calcutta are not required to make such deposits.

(3) Satisfactory bank references are not supplied by the exchange banks to overseas merchants, though in the case of foreign merchants with considerably lower resources, the banks of foreign countries supply very good references.

(4) The Indian merchants have no opportunity of knowing under what rules the members of the Exchange Banks' Association work and that they are not consulted with regard to alterations made therein from time to time.

(5) The exchange banks charge a penalty for the late completion of exchange contracts. The penalty is high and is capable of reduction.

(6) When a foreign exporter draws a bill on an Indian importer and the draft is with an exchange bank for collection, the Indian importer has to pay the bank in Rupees at the bank's selling rate for demand drafts and he is not allowed to pay it either by the demand drafts of another exchange bank which may be had at more favourable rates or by his own cheque on his London agent. These banks do not accept demand drafts in payment because they will not get in this way any commission for bill collection.

(7) The exchange banks discriminate between Indian and foreign insurance companies and they are forcing Indian exporters to insure their goods with foreign insurance companies. As a result of this attitude of the banks India has been paying annually insurance premiums to the extent of nearly Rs. 2 to Rs. 3 crores. It is desirable that the Exchange Banks' Association should lay down standards to which the insurance companies should conform for obtaining the confidence of the exchange banks and the names of those Indian and non-Indian companies which conform to such standards should be

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* Memorandum submitted to Indian Banking Committee by Sir Basil Blackett.

† This demand relates to 'Balance Sheets and Profit & Loss Account' audited by auditors approved by the (exchange) banks. 'We consider such a demand to be an extraordinary one. We believe that every respectable Indian customer of the bank would be prepared to furnish the bank with full and reliable information about his financial position if his connection and dealings with the bank justified such information being supplied..... It may be regarded as a tall order from a bank, advancing a casual loan, asking the customer to disclose his fullest position to it. We disagree with the statement made by the experts that secrecy about business affairs seems much more cherished in India than in other countries. The fact of the matter is that managers of non-national banks, not being either willing or able to keep in touch with their Indian customers.... rely for reports about the standing and financial position of their Indian customers on either their subordinates or third parties like brokers.... and hence the ultra conservative estimates of the credits deserved by Indian customers... We feel that such an extraordinary demand as that of having balance sheets audited by approved auditors, is, by itself, sufficient to make out a case for a change in the monopoly of the finance of India's foreign trade.'—*Minute of Dissent to the Banking Committee Report*, pages 583, 584.

published whose policies must be accepted by all exchange banks without limit. In this connection the majority of the Central Banking Committee write, 'the fact that no bank has ever incurred a loss on an Indian insurance policy, we trust that the establishment of more cordial relations between the exchange banks and Indian insurance companies may be speedily effected. With this end in view we suggest that some understanding might be arrived at by the exchange banks in consultation with representatives of the Indian insurance companies similar to that between the Imperial Bank of India and these institutions.'‡

(8) At present when a draft comes to an Indian importer through an exchange bank the former merely gets an informal note asking him to go to the bank and examine the documents although in the case of some European firms the facility of sending the documents to their officers is allowed. The reason given by the exchange banks is that the party is not available until after six or seven rounds are made. This may be true with regard to petty Indian merchants and dealers, but "we doubt whether it applies to big Indian merchants for example those in Clive Street, Calcutta, or in the Fort, Bombay."

(9) Although the exchange banks participate in the profits of our foreign trade, yet they do not employ Indians and do not make any provision for their training. 'We are impressed by the fact that though the exchange banks have been operating in India for more than half a century, they have not employed a single Indian in the superior grade of their service.' It cannot be that these banks have not been able to find a single Indian competent to be entrusted with a superior post in their business.

The majority of the Banking Committee say that 'speaking from the point of view of trade alone, it may be said that the facilities available at present for financing India's foreign trade, both import and export, are sufficient.' Mr. N. R. Sircar and his other colleagues in their separate minutes of dissent do not accept this contention and rightly point out that to have adequate resources is one thing and to utilize them impartially between Indian and European traders is quite another thing. These banks do not utilize their vast resources in granting equal facilities to Indian traders and the low proportion of our share is due to the helpful advice and financial and other assistance granted to non-Indians, but which is not available to Indians to the same extent. There is racial discrimination exercised by foreign exchange banks whose representatives themselves admitted before the Indian Banking Committee that through social intercourse their European officials had more opportunities of obtaining intimate knowledge of the integrity and resources of foreign clients than that of Indians.

The extent of a nation's participation in foreign trade depends upon the facilities provided by the banking system. Japan made special progress during the last 50 years in this respect because of the special assistance provided by the Yokohama Specie Bank established in 1880. The share of the nationals of the Japanese foreign trade increased from about one per cent in 1874 to 69.6 per cent of exports and 86.6 per cent of imports in 1922.* The exchange banks finance our inland trade also on account of goods or produce in transit prior to export or immediately subsequent to imports and if they continue to finance this trade they will prove a menace to the development of national banking. These banks are conducting their operations without a proper regard for our national interests and this has hindered the development of the monetary organization of the country. They opposed the first Central Bank proposal of 1900 and in 1904 they again opposed the proposal to allow the Presidency Banks to borrow in London to relieve monetary stringency in India and this continued up to 1920 when the Imperial Bank Act was passed.† "These are in brief the problems confronting us, namely, first, that the Indian exporters and importers are seriously handicapped by the step-motherly treatment of the foreign banks; secondly, that our general economic development is being jeopardised by their present mode of operations; and thirdly, that these are matters in which our nationals do not receive due encouragement. The situation demands immediate intervention by the Government particularly as the foreign banks are now holding a predominant position in the banking world of India."

‡ Mr. N. R. Sircar suggests 'that the proper allocation of insurance business between Indian and non-Indian companies should be settled by a meeting of representatives of the banks and the Association of Indian Insurance Companies. But if they cannot come to an agreement the Government will have to step in and arbitrate'.—*Minute of Dissent*, p. 562.

* *Present-Day Japan*, p.136, quoted by Mr. Sircar.

† *Minute of Dissent*, by Mr. Sircar, p. 557.

A Managed Sterling Currency.

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From a monetary standpoint, the factors essential to world recovery may be stated as follows: a substantial rise in the general level of wholesale commodity prices; the final stabilization of prices at an equitable level: and the elimination of wide and excessive fluctuations in exchange rates. The possibilities of a managed sterling currency in international monetary affairs will be decided largely by its ability to aid in the effecting of these very necessary measures.

At present the world faces the prospect of maintaining two great monetary systems for some time to come. The link between the members of one system is gold. The link more or less definite, between the members of the other, is sterling. It is proposed that the sterling 'area' be extended, all the countries therein definitely basing their currencies upon a managed sterling currency.

The creation of a 'centre of stability' is necessary. In order to make possible the transmission of stable money throughout an international monetary system, it is essential that a central country maintain a moderately stable level of prices. If sterling is to be the standard, it must be a well managed sterling.

It is necessary to recognize that even the best monetary policy will not be able absolutely to prevent fluctuations in the general level of prices. By price stability is meant the elimination of violent and excessive fluctuations in the price level, the aim of monetary policy being to counteract these fluctuations, and so to keep them within the narrowest limits possible.

With managed currency, price stability becomes the primary objective of control. The internal price level is controlled by the regulation of the volume and terms of credit. The agents of control are the central bank and the treasury. The central bank by means of its discount rate and open market policy acts so as to keep the means of payment in line with a stable price level.

The currency is separated from gold, its volume being a consequence of credit and price movements. The chief criterion of note issue is cash reserves large enough to permit the banks to expand their deposit liabilities at a pace commensurate with the normal requirements of business at a stable price level, and to enable the public to hold a proportionate quantity of hand-to hand currency. The method to-day is to control the creation of credit, letting the creation of currency follow suit.

The object of central bank control is largely to ensure 'sound' money, *i.e.*, a unit of currency which would always be of the same value measured in the aggregate of things on which money is spent. The efficacy of central bank control, within certain limits, depends on the ability of the central bank to control the creation of credit by member banks. In its bank rate and open market policy the central bank has a dual instrument of control. The object of movements in the bank rate is to cause immediate and fairly wide movements in the same direction in the market rate of discount. The effect of open market operations is to force the rest of the system to fall in line with central banking policy. Guidance to central banking policy or the maintenance of secular trend stability is best found in the general price index; while for cyclical control, the wholesale index must be employed, since wholesale prices alone move quickly enough and sharply enough for this purpose, and since they alone are sensitive to the international connections of prices. But no blind adherence to mechanical guides can succeed, for judgment and financial statesmanship of a very high order are essential to efficacious management.

Theory and experience unite in proving that a strong central bank free from the limitations imposed by the gold standard can maintain a moderately stable internal level of prices, by means of variations in quantity and terms of credit. Sweden, despite grave internal and external disturbances, has kept a remarkably stable level of prices over a long period. The central authorities in England, no longer fearing inflation, have succeeded in maintaining a very satisfactory degree of price stability in the past months. The success of these countries has been very largely the outcome of deliberate policy and speaks well for monetary management in the future.

The prestige of sterling is an important factor in monetary leadership. If Great Britain had left the gold standard because of internal financial difficulties due to defects in the monetary and banking machinery, confidence in

sterling would be lacking. But a departure *from the gold standard due to excessive withdrawals* on foreign account, and gross 'mismanagement' of the gold standard, is another matter. The suspension served to prove not only the strength of the English banking system, but also to demonstrate the influence of sterling, for an impressive number of countries followed Great Britain's lead.

The management of sterling is in the hands of an extremely powerful corporation. The long traditions, wide experience and vast prestige of the Bank of England, make it an ideal "money master". The freedom of the Bank from motives of private gain, and its record in the past in the way of accepting new and heavy responsibilities, require no emphasis.

The Bank of England has within its means the power to maintain an absolute control over the creation of credit. In time, a perfect method has been evolved for transferring complete control over all the members of the banking system in England to this great central authority. The significance of its control lies in the fact that the internal level of prices is largely determined by the amount of credit created by the banks. The Treasury by ensuring sound government finances in close co-operation with the Bank of England, is continuing in the long-played role of silent partner.

It is in the field of currency, more than in any other, that Great Britain may be truly said to have regained the initiative. There is to-day a large group of countries ready and willing to associate themselves with England in the matter of a common monetary policy. But it is scarcely to be expected that they will take steps in this direction until they know what England's monetary policy is. An openly announced statement of a clearly defined monetary policy on England's part must be forthcoming if she is to point the way to monetary reform and to some degree of co-operation among the countries off gold. Now that she is free from the difficulties associated with the gold standard, England is in a position to take a leading part in the pursuit of a sound monetary policy. It is especially important that she remain free of any obligation to return to gold at any specified date or parity.

It is by no means certain that the weaker monetary systems are capable of achieving any satisfactory degree of price stability. Nor has it been proven that the strongest of central banks can cause a definite rise in the internal price level without the co-operation of other central banks in a common endeavour to effect this rise. The possibilities of a group of countries closely linked to sterling lie in the fact that the members of the 'area' would have ample power to work *in co-operation with the authorities* in London for a long period of cheap money and easy credit conditions leading to a rise in internal *price levels throughout the group.*

If the necessary cohesion of the sterling group is to be present, it is essential that the members of the group stabilize their exchange rates with sterling. In this event the price policy of the Bank of England will largely determine the price movements in each of the member countries. This uniformity of price movements between countries which have stabilized their exchanges is a direct corollary of the Purchasing Power Parity theory, which is based on the principle that the value of a currency as a means of purchasing goods in the home market, ultimately determines its value in foreign markets. Where no great changes in the conditions of international trade take place and where stable currency conditions are present, no great or permanent deviation from the true purchasing power parities is possible. Under these conditions the rate of exchange between currencies must ultimately settle down with their internal purchasing power. Under the gold standard, since the exchange rate is not free to vary except within vary narrow limits, international price parity is achieved by means of gold movements, and as a consequence, changes in income and price structure. In order to ensure this stability of the exchanges between countries off gold, a mechanism of some kind is necessary.

The establishment of an exchange fund in London would be required The central bank of each country would be entitled to consider this credit as part of its legal reserve and would redeem its own notes at the rate decided upon in relation to sterling. Parities should be established between the different currencies at points which correspond as closely as possible to the relative level of costs and purchasing power. Fluctuations of the exchange rate between different members of the 'bloc' would no longer hinder trade and a large degree of financial autonomy for the members of the system would be attained.

If prices rose in one of the dependent countries, the value of its currency would depreciate in terms of sterling. The fall in price would

be checked in the case of short-period fluctuations by the sale of bills from the exchange fund, but its credit there would rapidly diminish. In order to prevent depletion of its supply of exchange instruments, it would be necessary for the country in question to restrict credit in order to lower its price level. For minor fluctuations, the exchange fund would meet all emergencies, while for longer periods monetary policy would be directed to keeping the internal price level in line with that of England.

If a member of the group found that its currency was beginning to depreciate in terms of currencies outside the area, arbitrage operations in other currencies in the group would immediately bring its currency back in line with those of the group as a whole. Although the latter would tend to be dragged down slightly, the necessary operations would have reduced the balance of the member in question, so that it would be necessary for it to rectify its position. There would be no hindrance to members of the group dealing in foreign exchange of both members and non-members, the exchange of the former being automatically dealt in at par. The use of gold as a corrective of temporary exchange fluctuations with non-members would offer the best means of securing exchange stability between the two monetary groups assuming that no long-term factor, such as continued fall in gold prices, was present.

In sterling, the world possesses a widely acceptable medium with sufficient freedom from price fluctuations to provide a basis on which contracts and investments can proceed with confidence. When the extent of the present sterling 'area' and the disproportionate influence of the market for world primary products in Great Britain is considered, it is no exaggeration to say that sterling is at least as important as gold in its relative power over commodity prices.

At a time when the expansion of trade within the Empire is deemed to be so highly desirable, it seems strange that more deliberate efforts in the way of monetary co-operation within the Empire should not be made. With qualifications in the case of Canada, the medium of exchange which counts to-day in the business of the Empire is not gold but sterling. The avoidance of exchange fluctuations within the Empire and the stability of its currency as against gold, would do more for Imperial trade than all the preferential tariffs ever devised.

Canada's position is a difficult one. The fact that she is a part of the Empire, and that she is accustomed to utilize sterling balances in London to meet payments in United States makes the movements in sterling values of some concern to her. On the other hand, owing to her annual payments across the border, her financial relationships with United States cannot be overlooked. The advantages which would accrue to Canada, however, from a moderate restoration of prices, together with subsequent price stability, and fixed rates of exchange with the rest of the Empire, would far outweigh the advantages of stability in relationship to the United States.

The other members of the Empire are inextricably linked with sterling. There is a common identity of economic interest throughout, and the possibilities of an Empire group are such as to offer every prospect of the maintenance of price and exchange stability over a wide 'area'. The qualifications necessary in Canada's case in no way detract from the possibilities of an Imperial currency union with the prospect of improved trade relations throughout the Empire.

There is no doubt that the formation of an immediate currency union with the nations who have abandoned the gold standard, and are prepared to co-operate in the matter of a common monetary policy, would be of great benefit to Great Britain and the Empire. The promptness with which so many nations followed Great Britain off the gold standard gives some indication of their close interdependence in monetary matters. For most of these countries, sterling must be the standard so long as its purchasing power is moderately stable, since it is by far the most important single unit in the foreign trade of the non-gold group, particularly on the export side. The importance of this fact is evident when it is realized that while the purchasing power of gold is now largely involuntary, the purchasing power of sterling is susceptible to management.

The greater part of the Empire, and most of the countries who have followed Great Britain off the gold standard, are more or less definitely linked to sterling. With an openly announced policy on the part of Great Britain and her acceptance of responsibility incurred in taking the lead, there can be no doubt that the sterling 'area' will increase both in size and in importance. The Scandinavian countries are the most important of the countries off gold, and their definite linking up with sterling would point the way to other non-gold countries. They are equipped with

modern credit machinery fully capable of maintaining monetary parity, and in theory at least, they are as efficient as England in the maintenance of sound credit and currency conditions. The fact that they possess banking systems so highly efficient makes it especially desirable that they should co-operate closely with Great Britain in monetary affairs, for undoubtedly their inclusion would render the possibilities of a large stable 'area' considerably brighter. Since they are already closely related to Great Britain in financial and commercial matters it would be a natural move on their part to link up definitely with sterling. With the formation of a closely unified group definitely linked to sterling other countries off gold would take the necessary steps to link up with sterling as an international medium of exchange with the further possibility of recruits from among the satellites of the gold group.

It is extremely improbable, for obvious reasons, that the leading countries of the gold group would voluntarily abandon gold. Yet the important fact nnderlying present gold movements is that gold has ceased to serve any monetary purpose. It no longer operates to correct disparities between price levels and interest rates between different countries. Nor does it govern the general trend of commodity prices, for gold values continue to appreciate, despite the large additions to stocks in the gold standard countries, and the lessened demand following the departure from the gold standard by Great Britain and other countries. The disturbing effects on public psychology in the gold standard countries of large movements of gold continue to prevent all attempts at organized recovery.

Under these conditions, it is certain that the non-gold countries would refuse to contemplate a return to gold without a prior rise in commodity values and the assured fulfilment of other conditions precedent to the successful working of the gold standard. It is a case of 'once bitten, twice shy,' and no conceivable course of action can re-establish the old confidence in gold for many a day.

In any event, the standard will be a managed standard. It is becoming increasingly evident that the art of monetary management will have to be relied upon more and more if there is to be any hope of recovery from conditions such as we are experiencing at present. It is true that factors other than monetary must be considered, but it is difficult to see how any recovery can be made, unless wise leadership in monetary matters is at the helm.

There is no doubt that the formation of an extensive 'area' relatively free from price and exchange fluctuations, composed of a large number of countries co-operating closely by means of a common monetary policy, to effect a rise in the general level of commodity prices to a pre-determined point, offers the greatest possibilities of a recovery from further depression and misery, not only within the 'area' but in the gold standard countries as well.

It may be concluded that any immediate return to the gold standard is highly improbable ; that the monetary policy of the gold group will largely decide the possibility of this return in the future, and that in the meantime the possibilities of a managed sterling currency as an international medium of exchange are such as to offer the brightest, if not the only, prospects of world recovery.

There has been much talk of late as to the discovery of new uses for paper. Undoubtedly the wrapping of domestic supplies in paper of various kinds has registered an immense development in the last few years. Coal, potatoes, kippers, and a number of other articles, at first glance most unlikely subjects, are now supplied in paper or board wrappers or containers. This development has whetted the appetite of the paper maker, but so far there is no organized research for the discovery of new methods to employ paper in this or in other directions. Paper plates and dishes, tumblers and table-cloths and napkins were used at a recent public function. A German manufacturer has succeeded in making a variety of orthopaedic appliances of paper, as well as paper fiddles, and paper sponges are now on the market. As the British Industries Fair will bring buyers in all trades to this country it provides a unique opportunity for an inquiry of this kind, and the attention of paper-makers is directed to this suggestion.

* * *

Gold has been discovered at *Hunkoni*, a village near Deodrug in the Raichur District, Hyderabad, Deccan. *Hunkoni* in old Kannada means "Golden Corner". Traces of old workings have been found at the spot and these indicate that the method of extraction employed in olden days was absolutely in line with modern practice.

The Mysore Census.

By E. R. Sundararajan, M.A.,

Superintendent, Bureau of Vital Statistics, Mysore Department of Health, Bangalore.

Mr. M. Venkatesa Iyengar's Report on the Census operations in Mysore State in 1931, just published by the Mysore Government, is a work of great value. It is written interestingly in a clear style, and the report is sure to find readers among all classes of the educated public interested in the welfare of the State.

Census Operations.

The report deals with the seventh Census of the Mysore State taken synchronously with British India on Thursday, February 26, 1931. In accordance with the usual practice Government had issued instructions that the census should be considered as of paramount importance while it lasted and all officers should co-operate in carrying it out. It will be remembered that the first regular census in Mysore State was taken on November 14, 1871; and the subsequent censuses on February 17, 1881; February 26, 1891; March 1, 1901; March 10, 1911; and March 18, 1921 respectively.

The procedure adopted at the Census may be briefly described. The State was taken up by taluks, cities and the larger towns treated as charges, each charge being subdivided into circles, comprising of either a number of whole villages or wards. Each village or ward was further divided into blocks, each block containing as many houses as one person could go round to make enquiries in the space of about five hours. An Enumerator was appointed to each block and a Supervisor to each circle. The State was thus formed into 41,490 blocks grouped into 3,395 circles, under 98 charges, consisting of 81 taluks, 13 towns and four cities. Special arrangements were made for the enumeration of inmates of jails, hospitals, lock-ups and asylums and of the floating population.

After sufficient previous practice the "Preliminary enumeration", which is really the preparation of a draft census record, was made at leisure and completed about a week before the date of the final census. The enumerator carrying this record with him on the census night, went from house to house making entries for additions by birth and arrival, striking out entries of persons dead or absent elsewhere.

The statistics collected were abstracted in the Central Abstraction Office in Bangalore which was organized in two sections employing over 250 persons at one time. The total expenditure incurred was about Rs. 1,91,810 or 5.6 pies per head of population, as compared with Rs. 2,80,026 or 9.1 pies respectively in 1921.

The report on the census is published in five parts. Part I is the report proper, Part II is a volume of tables, Part III is an account of the census operations, Part IV gives Talukwar statistics and Part V the Village population tables.

Population.

The population of the State on February 26, 1931, was 6,557,302 consisting of 3,353,963 males and 3,203,339 females, showing an increase of 578,410 persons or 9.7 per cent over the population of 1921. The population enumerated in 1871 was 5,055,402. Mysore is the third largest State in India in area and second largest in population. The population of Cochin is 18 per cent, of Travancore 78 per cent and of Baroda 37 per cent of the population of Mysore, which is 14 per cent of that of Madras Presidency, 25 per cent of that of Bombay and about the same as that of the Central India Agency.

The State of Mysore is bounded by the Madras Presidency except partly on the West and the North, and having an area of 29,326 square miles, lies between the parallels of North Latitude 11°36′ and 15°2′ and between the parallels of East Longitude 74°40′ and 78°36′. Its greatest length north and south is about 230 miles and east and west about 290 miles.

The population is distributed in 16,483 villages, 104 towns and 4 cities. The density of population is 224 persons per square mile and the population living in the 108 urban areas is 1,045,002. The "centre of population" is located at a distance of about 13 miles to the south-west of Gubbi Town.

The great majority of villages are small, 812 out of every thousand having a population of less than 500; 49.4 per cent or nearly half of the total rural population live in such villages, the average population per village is 334.

The cities have grown out of all proportion to the average town which is itself ten times

as large as the average village. Bangalore City has developed greatly in the last ten years. Its population, which was 118,556 in 1921, has grown to 172,357 and the increase being 45.4 per cent is higher than in any previous decade. Mysore City, the capital and the seat of the Royal House, with a population of 83,951 in 1921, has now increased enormously to the present population of 107,142, the rate of increase being 27.6 per cent.

The total number of persons born in Mysore and enumerated elsewhere in India was 125,188 whilst those born in India outside the State but enumerated within the State was 340,700. Of the 3,892 persons born outside India and enumerated in the State 2,903 came from the United Kingdom, 253 from Continental Europe, 468 from Asiatic countries beyond India, 167 from Africa, 62 from America and 30 from Australia. The great majority of these persons are in the Civil and Military Station, Bangalore.

According to the census over 40 per cent of the total population were below 15 years of age, 49 per cent between 15 and 50 and about 10 per cent 50 years and over. One-seventh of the total population were returned as of age 0—5, over an eighth in the age period 5—10, and about an eighth in the period 10—15. The average age of the population in Mysore State enumerated in 1931 was 25.11 years for males and 24.43 for females.

The population of the State is distributed among the important religions as follows:—

Religion.	*Population in Thousands.*	*Proportion per 10,000.*
Hindu	6,016	9,174
Mussalman	399	608
Christian	88	133
Jain	30	45
Tribal	24	36
Minor Religions	2	4
TOTAL	6,557	10,000

The figure for Hindu includes a small Bramho and Arya population, and the figure for minor religions includes Buddhists, Sikhs, Parsis, and Jews. The great majority of the population are Hindu and are about 15.1 times the number of Mussalmans, who are the next largest in number. The Hindus who form nine-tenths of the population of the State are found in nearly this proportion in all the districts. Their proportion per 10,000 of the population is highest in Mysore district (9,603) and lowest in Shimoga district (8,930). The proportions for the Mussalmans are: Shimoga (788), Kolar (769), Bangalore (664), Chitaldrug (561), Kadur (559), Tumkur (515), Hassan (366) and Mysore (310).

The proportion of women to men in the general population is 955 per thousand, the proportions in the various religions being Jains (860), Mussalmans (868), Christians (938), and the Hindus (962). In the male population 556 per cent are unmarried, 39.3 per cent are married, and 5.1 per cent are widowed; and among females 40.5 per cent are unmarried: 41.8 per cent are married and 17.7 per cent are widowed. There was one widow below the age of five years, 322 between 5 and 10 years of age, and 1,459 between 10 and 15. The number of widowers in the same age-groups were 0 17 and 66 respectively. The total number of boys and girls who are married between the ages of 5 and 10 in the various religions are Hindu (320: 20,506), Mussalman (28: 510), Christian (4: 30). Proportionately for the population the Hindus, Mussalmans and Christians have in this age-group about the same number of married boys.

In Mysore State 12,954 persons were found afflicted with one or more of the diseases: insanity, deaf mutism, blindness and leprosy. The total number of insane persons was 1,782, of whom 1,050 were males and 732 females. Of the 3,950 deaf-mutes 2,254 were male and 1,696 were female. Among the blind persons enumerated 3,556 were male and 2,997 were female. The number of lepers as returned was 733, 536 males and 197 females. The largest number (186) was returned from the Kolar district.

In addition to the routine enumeration, special data were collected in the recent census in respect of unemployment among the educated, of fertility and mortality rates, of rural and cottage industries, of kinds of houses and purposes for which they are used, and of vaccination.

The returns show that 51.6 per cent of the population have been vaccinated and 31.6 per cent have had attacks of small-pox. The City areas, however, 94.3 per cent have been protected and 2.8 per cent have had small-pox.

In the general population 9.1 per cent are literate, 15 per cent among the males and 2.8 per cent among the females as compared with 12.7 per cent and 1.9 per cent respectively in 1921. The literates among Hindus are 9.4 per cent, among Mussalmans 20 per cent, among Jains 27.5 per cent and 41.7 per cent among Christians. In Mysore State the number per thousand aged five years and

over, who are literate in English are 16.3 in the general population, 27.1 among males and 4.8 among females. This proportion for the State is less than that of Delhi, Cochin, Coorg, Ajmer-Merwara, Bengal (British Territory), Bombay and Travancore. It is slightly higher than that of Baroda, Madras, Assam, Punjab (British Territory in each case) and the North-West Frontier Province; and it is much higher than in the United Provinces, Bihar and Orissa, Gwalior, and Hyderabad and many North Indian States. The figures for males and females appear in more or less the same order.

Kannada is spoken by 69.8 per cent of the population. Telugu is spoken by small numbers of people all over the State and by a majority in Kolar district. Tamil is spoken by about a fifth of the population in Bangalore City and more than one half of the population in the Kolar Gold Field, by about one-eighth in Mysore City and by about a third in the Civil and Military Station, Bangalore. Hindi is known to about three thousand people.

Occupations are classified according to the scheme devised by the French Statistician Dr. Bertillon and the data collected represent normal conditions in a tropical country like Mysore. Among the 6,557 thousand people enumerated in the State, there are over 1,937 thousand male earners and 413 thousand female earners. The earners, both men and women, are 35.8 per cent of the total population and there is one woman earner approximately to every five men earners. "Cultivating Owners" form the largest group having more than a million earners.

Two castes have a million or more persons in each, the Vokkaligas numbering 1,312 thousand and the Adikarnatakas 1,000 thousand. The Vokkaligas are thus about a fifth of the total population and the Adikarnatakas a little less than a sixth. Twelve castes have between a hundred thousand and a million population. The largest of them is the Lingayat community with a population of 771 thousand. Of the Mussalman population of 399 thousand the Sheiks number 224 thousand, the Saiyads 74 thousand and the Pathans about 55 thousand.

Progress during the Decade.

It may be of general interest to indicate some of the great improvements made since 1921. Over 227 lakhs have been spent on important irrigation works, including the outlay of about 172 lakhs on the Krishnarajasagara Dam Works, the Irwin Canal and the allied works. The area under cultivation has been increased by about 683,000 acres. The decade was marked by a considerable amount of industrial activity with the construction of the plant of the Mysore Iron Works, and the soaps manufactured at the Government Soap Factory have become popular and well-established in the market.

The organization of the Village Panchayets, the improvement of village communications, the rural electrification schemes, and the organizations of Co-operative Societies are improvements affecting the vast rural population. A striking example of the revival of rural industries is the hand-spinning and hand-weaving industry which has been organised by Government in some villages round Badanval near Nanjangud in Mysore District.

The annual expenditure on public instruction has now risen to Rs. 67,91,448 and the Health and Medical departments have been well organized and more and more people are becoming acquainted with healthful ways of living.

Regarding the position of women in society it may be stated that women are now represented in the Representative Assembly, the University, and the more important Municipalities and District Boards. In Ladies' Clubs and Associations women gather together for amusement and cultural activities. Ladies' Conferences held in various places have helped in much awakening.

So far as the untouchables are concerned, the Government of His Highness the Maharaja of Mysore have, in the words of Sir Mirza M. Ismail, "extended to the Adikarnatakas representation on all the great constitutional bodies of the State, and have ever listened to their voice with respect and sympathy."

An event of special significance in the history of the State was the celebration in August 1927 of the Silver Jubilee of the reign of His Highness the Maharaja of Mysore.

A message to employees posted on the walls of the Edison Factory in New Jersey, U.S.A., by Charles Edison, son of the famous inventor :—
"Buy something—buy anything anywhere; paint your kitchen, send a telegram, give a party, get a car, pay a bill, rent a flat, fix your roof, get a haircut, see a show, build a house, take a trip, sing a song, get married. It does not matter what you do—but get going and keep going. This old world is starting to move."

Chemical Industry in 1932.

By Dr. J. L. Sarin, M.Sc., Ph.D. (Lond.), A.I.C.,

Industrial Chemist, Punjab, Lahore.

When I take a glance at the advancement of chemical industry in other countries of the world, how tempted I feel to have the pleasure of saying something equally good of my own country, but God has denied me this pleasure, perhaps it may be for years to come. If with a stretch of imagination and human weakness of self-appropriation, I can classify the manufacture of sugar as a purely chemical industry, I would immediately have something to boast of. There have been started during the year 1932 about twenty new sugar factories and about forty more are under construction. It may be estimated roughly that they will produce collectively 1,500 tons of sugar per day and the total capital invested in them would be Rs. 250 lakhs. Further than this there is nothing worth mention. Let us now see what other countries have done. It will be almost impossible to describe their achievements in detail and their mere enumeration will meet our requirements. This follows below:—

England.

(i) An economic production of citric acid by fermentation has been worked out and a plant has been established.

(ii) A nickel clad steel in which the nickel layer is inseparable from the steel base has been made. This is a step forward in cheapening nickel plant.

(iii) "Creaseless cotton" has been introduced by the addition of resin into cotton fibres which has made a very elastic material. Another interesting fabric which was shown to the public for the first time at the British Industries Fair in 1932 was an artificial suede made by spraying waste wool on to prepared rubber sheet.

(iv) Another stride in the photographic industry is the production of infra red plates and filters made possible by the discovery of new infra red photographs to be taken with ordinary exposures.

(v) A very large number of new factories have been constructed, of which the most important are the world's largest plant of copper sulphate, three "Dry Ice" plants for solidifying carbon dioxide, which is used extensively in many industries. An up-to-date factory made "entirely" of glass for the manufacture of pharmaceutical preparations, and a factory for the preparation of gelatine.

America.

(i) Introduction into the markets of new products known as Urea-ammonia in liquid form consisting of two-third of ammonia and one-third of urea by weight which holds great possibilities in the fertilizer fields.

(ii) Production of rubber substitutes known as Duprene. It does well, as has been jokingly said of it, whatever rubber does badly. This rubber does not oxidise easily, nor swell in contact with petrol lubricating oils, or ordinary solvents. These qualities are winning it uses for making gaskets, packings for diaphragm pumps and rubberised cloth. It is a material that is evidently destined to mark a real advance in the field of rubber synthesis, especially as it can be produced in later form by vulcanisation with heat alone, reducing to a fine powder and suspending in water.

(iii) Hydrogenation of mineral oil which would revolutionise the fuel problem of the world, the first achievement of which is the introduction of fire proof petrol distinguished by a very narrow boiling range and a high flash point, for which the aviation engineers have long been waiting. This is a combined work of the American and German chemical interests, of which both the countries are rightly proud of.

Germany.

(i) Production of two very important chemicals, namely, butyl alcohol and acetone from molasses and other vegetable waste by fermentation.

(ii) Production of fuel and fodder from wood and similar natural products.

(iii) Introduction of new materials such as 'Sinterkorund' (an abrasive), Widia hard alloy, Magnesia utensils, and 'Tylose' and other new fire-proof agents.

When the world is suffering from economic depression never known in its history before, the one industry which has come out with flying colour is the chemical industry. Not only has this industry stood punishment for past three years better than any other, but it is quite generally conceded to be the one industry which will recover the earliest. Of all the countries Germany has been the most successful in this. It has so fortunately been able to adapt itself to changing conditions that it has increased its business even during

this slump in spite of the fact that it has been forced to reduce its prices by 10 per cent. For example I.G. Farbenindustri, A.-G. has, according to a report of December 1932, increased its total personnel by four thousand. An idea of its progressive nature would be had from the fact that during the year 1932 it has registered 1,245 patents and 141 designs, which it hopes to exploit during the year 1933.

The above brief survey of the growth of the chemical industries in different countries during the year 1932, would, it is hoped, serve to stimulate the interests of our chemists in industrial research. The so-often quoted lines of the poet—

"Lives of great men all remind us...." flash before my eyes and I feel like saying that the great achievements mentioned above would be a reminder to our chemists of the great need in which our country is, and the burden of which specially falls upon scientific and research institutions.

Scientific Management, 1929-32.

By Edmond Landauer,

General Secretary of the International Committee of Scientific Management.

If we except the years of war, there has rarely been any period so full of grave events as the three years from 1929—1932.

All forms of human activity, especially all forms of economic activity, have been dominated by the world crisis of which the symptoms were already visible at the Paris Congress and of which the denouement can hardly yet be foreseen.

Scientific Management, or to give it the name which the public at large, rightly or wrongly, has given it, Rationalization, has also had to suffer the effects of the hurricane.

Governments and politicians of all periods, when their weakness, their blundering or their mistakes had aroused the discontent of the people, have always tried to turn the anger of the mob away from themselves by directing it in more or less good faith towards a vicarious sacrifice.

Rationalization has been during the present crisis a welcome vicarious sacrifice. Their name is legion who have tried to load upon it all the sins of Israel.

To hear them, unemployment, the most poignant and inhuman consequence of the crisis, is the direct result of Rationalization, the cause of over-production.

The good-will that came to us has cooled. Doubt has seized upon many minds. If Rationalization were not a form of human progress, if it were not a natural tendency as indestructible as the life of humanity itself, it would not have resisted the events of the last three years.

Besides, we have been somewhat slow in beating off our assailants. It was so evident to us that the economic confusion in which the world was floundering was due precisely to the lack of political and economic Rationalization, that we expected to be called into help and not to be impeached.

However, there came a time when we had to plead our cause. First by conferences and articles in the press, then during the International Conference called for this purpose in July 1931 by the International Management Institute in Geneva, we bravely drew up the balance sheet of Rationalization. In a forceful summing up, M. de Peyerimhoff who presided over those debates showed the injustice there was in seeking the responsibilities of the present crisis only in the economic field.

Is this tantamount to saying that our movement is free of all blame? If Rationalization, as a science, should have mitigated the crisis, have not our converts, unskilful or insufficiently enlightened, sometimes aggravated it?

To deny this would be to deny evidence itself and our only excuse is that our movement was still too young, too badly organized, too little master of its arms to struggle with all the necessary efficiency against one of the greatest economic crisis in history.

Scientific Management, as a doctrine, has been confined for a number of years to the enclosed field of private enterprise. If it studied the work of the shop with Taylor or the management with Fayol, its action stopped at the gate of the factory.

It was only later, when Scientific Management of production commenced to flood the commercial departments with goods to sell that Scientific Management of sales and distribution was attacked, that, for the first time, one looked out of the window.

It was perhaps one of the first mistakes of our movement not to have insisted enough

upon the fact that Scientific Management rests essentially upon a harmonious equilibrium in all fields and between all fields. One cannot make fragmentary organization without preparing disequilibrium and future disasters.

In a factory, the production of one department alone cannot be intensified without intensifying at the same time the congestion of the other departments if they are not reorganized at the same time.

In an enterprise, we cannot without a grave disequilibrium intensify production without intensifying the sales along parallel lines.

This brings us to our second fault: we have not said enough, we have often even overlooked the fact that selling is not as simple a phenomenon as it appears at first sight. Selling is not only a question of technique in distribution, it is also and primarily a question of the right appreciation of needs, a question of the development of purchasing power.

We have often sinned against reason by producing in excess of all possibilities of consumption. "Production for the masses" as recommended by Filene, has been confused with "Mass Production" which, while possible in certain cases, can only be applied with a critical sense of proportion.

The mysticism of mass production and the hypnotic attraction of reduced costs of production without reference to other elements of the problem, has led in certain enterprises to hypertrophy of technical Rationalization, to a destructive over-balancing of the economic machine.

When the consequences of these faults became visible, when stores were bursting with goods that had to be sold at any price, real crimes were added to the faults.

Instead of recognizing that the natural laws of economy had been sinned against, instead of hastening to submit again to these laws, some people sought to distort them.

Industrial and business men, bowed under the load of their mistakes, pushed by financiers as frightened as they had been imprudent, appealed to politicians to shift on to others' shoulders the consequences of their own mistakes.

In all countries, measures have been taken, laws have been voted, which violated in a flagrant manner all natural laws. It is easier to take an injection of morphine than to follow a severe diet.

Instead of applying remedies often displeasing, expedients have been adopted.

And the mistake of the one bringing on by reaction the mistake of the other, the world in revolt against the laws of economy, now finds itself a victim of the very measures that it took to defend itself.

We have the right to deny the responsibility of those crimes. They have been committed outside our movement and in spite of it.

Nevertheless they set us new tasks.

What ignorance of Rationalization and of its laws has destroyed, Rationalization alone can reconstruct.

But it is necessary above all that we show clearly to the world in what the vast problem of Rationalization consists and that we do not let effort be dispersed in isolated and fragmentary measures which, when they succeed beyond certain limits, carry within themselves through a lack of harmony with economy as a whole, the germ of terrible perturbations.

Rationalization, if it wishes to avoid the criticism that is aimed at it, cannot limit its field of action to the internal organization of private undertakings.

It can only be complete and helpful when the whole economic and social world is its kingdom.

What a perspective! But also what problems!

It is first of all necessary to seek and learn better the great fundamental natural laws that dominate the economic world. They must be proclaimed as facts that are beyond us, with frankness and honesty, without preconceived ideas, without prejudice.

If there are any of them which are repulsive to us, let us seek scientifically if we cannot modify their effects by the action of another more powerful natural law; but do not let us adopt the easy method of denying evidence or covering it up with words.

Scientific Management, also called Rationalization in its integral sense, is neither the doctrine of a sect nor the programme of a party. It is under the sign of scientific method the will to learn the laws of economy and to seek their better utilization for the general well-being of humanity.

We have in the past attached ourselves, and this was inevitable in the initial stage, to the problem of rationalization in an individual undertaking. To a certain

extent, we have been successful and our very success taught us that the problem of the economic prosperity of the world is indivisible, that it can only find a general solution.

Others felt it before us. Already Nietzsche wrote: "We see approaching slowly, hesitatingly, terrible like fate this question: How should the world be governed in its entirety?"

In view of this greater task, our methods of action must undergo an evolution.

As long as it was a question of rationalizing a business, we addressed ourselves to the head of the business, to him who has the right to command and the power to make himself obeyed. But there are certain tasks where an individual alone, were he chief of unusual stature, is powerless.

Let progress in the technique or the organization of work suddenly increase the volume of production of an article beyond the normal possibilities of consumption, and a problem arises that can only be solved by general understanding or by a struggle for life.

General understanding means the disquieting perspective of controlled economy, which may range from federal conventions freely contracted to the State Capitalism of the Soviets with its entire suppression of all liberty.

Struggle for life means cutting sales prices below cost prices, financial make-shifts that are fore-runners of bankruptcy; for the workers it means uncertainty for the morrow and too often want; and finally to nations, wars carried on with import tariffs which can too easily degenerate into wars carried on with guns.

Where is the true solution, the human solution? No one can tell yet. The natural laws which reign over the economic relations of men and of nations have not yet been sufficiently disentangled from their complex structure.

One thing alone is certain, *i.e.*, that only scientific investigation can disentangle them.

This is a new task, much larger and much more complex, that confronts rationalization.

Shall we find a solution? Is there a possibility of suppressing crisis and the sufferings of the poor? No one would dare to affirm it.

Rationalization is an economic medicine. No more than physiologic medicine was able to do away with sickness and death, natural phenomena whose necessity escapes us, Rationalization will probably not suppress crises, economic sicknesses. But it would already be a considerable progress if we had surer means of fighting them and limiting the damage caused by them.

To arrive there, it is not to individuals that we must address ourselves, but to groups. We must make it clear to Governments, to Employers' Associations, to Trade Unions, that Scientific Management of isolated enterprises, so rich in results, can become a danger if it is not completed by a rational organization of national and world production.

Before so vast a problem which affects the deep roots of the very life of humanity, it would be abandoning oneself to a proud illusion to imagine that our movement can lead the battle. Governments themselves, in spite of all the authority which the Law confers upon them, seeing what should be done, are too often powerless to have it executed.

Only the pressure of public opinion, duly enlightened and aroused in the whole world, can overcome the resistance and struggle against biassed opposition.

We have first of all to seek the truth, by the methods of science, beyond political passions and party and national programmes. It is for us to find out the natural laws to which we must submit or risk being crushed. It is for us to proclaim them, to make them known to the masses, then leaving to these masses which in our modern civilization hold the keys of power, the care and responsibility of submitting to them or suffering the consequences.

We are and can only be experts at the service of a superior authority that will make use of our advice in the limits that it will or can.

Even reduced to those limits, our mission remains so great that only a good organization will enable us to realize it.

Several years' experience has clearly shown us what should be the structure of this organization. The National Committees should build its foundation, its front-line troops. There is no possibility of action if the National Committees cease to develop and to strengthen themselves.

As fulcrum, as centre for the reception and distribution of technical information, we have a permanent institution, the International Management Institute of Geneva.

Finally, emanating from the National Committees and using the International Management Institute as an instrument of technical action, we have in the International Committee of Scientific Management an international co-ordinating body dealing with general policies.

The C.I.O.S. has and can only have moral authority. It can only depend upon scientific truth and must be strictly independent of ıll political or national influence.

It is in order to realize this independence ·hat the C.I.O.S. has voluntarily renounced ıll financial resources.

This cannot do for the National Committees ınd the International Management Institute ɟf Geneva.

If in the beginning of our movement, men of goodwill have been able to accomplish mira-·les with ridiculously inadequate resources, he hour has come to proclaim that we cannot ulfil our task if those who profit by our efforts, ·overnments, employers and employees, do not contribute to a much greater extent than hey have up to the present, to place at the lisposal of those who do the work the minimum ɟf resources which is indispensable for them.

Certain National Committees have seen their ubsidies maintained in spite of the crisis and ıave thus been able to develop in a very re-narkable manner.

Others have seen their resources decline to a ertain extent but have replaced this shortage ɟf their means by the self-denial, the energy ınd the work of their members.

Be it in Austria, Belgium, Bulgaria, Czecho-lovakia, France, Germany, Italy, Poland, Rumania, Spain, Switzerland, the United tates, Yugoslavia or in almost all the ther countries of the world, we have been able o observe a great effort and results which are uite astounding when one knows under what onditions they have been performed.

I would like to show to the public who knows othing about it the disinterestedness of eneral Secretaries, men of value, sometimes ardly remunerated at all, sacrificing their ·isure hours and even their career, not always aving the funds to surround themselves with he necessary personnel, often obliged to sacri-ce creative work to the care of seeking esources, however small.

Thanks to the generous help of the Twentieth 'entury Fund of Boston and of the I.L.O., the nternational Management Institute of Geneva as a comparatively substantial budget. But he expenses imposed upon it are even more ubstantial. As a centre of information and as a ·search laboratory for all National Committees f all international organizations, of all indivi-uals, in all parts of the world, obliged to ranslate into three languages all that it pub-shes, obliged to read everything, to know verything, to comment upon everything, it should have twice the budget it has in order to fulfil the services that are expected from it.

The C.I.O.S. asking nothing for itself, considers that it has the right and the duty to claim for the National Committees and for the International Institute the indispensable means of action.

It believes that a common and concerted action on the part of the National Committees and of the International Institute could bring good results towards this end.

Personally I feel that in view of the difficult budgetary situation of most Governments, the resources should be sought especially from private enterprises, from Employers' and Workers' Unions.

I believe also that these private subsidies can only be obtained if the National Committees and the International Institute are organized in such a way that they can render to those who support them effective and definite services justifying retribution even (I would like to say: especially) in times of crisis.

The present time is not favourable to generosity, however justified it might be. The impoverished world can no longer behave like a "grand seigneur" or like a Patron of Arts. But money can always be found to support an international institution seeking no lucrative end and capable of rendering real services resulting in savings, in a greater stability, in more well-being.

Concluding my report for 1929 I wrote: "If employers and workmen want more well-being and wealth for themselves, they can only obtain it by uniting their efforts in order to make more prosperous, stronger and healthier the source of this wealth: the undertaking which gives them a living." Since then, the horizon has been enlarged. If private undertakings, social microcosms made of human thought, human knowledge and human work, are to continue to assure the subsistence of those who compose them, it is necessary that all, from the General Manager to the most humble workman, realize that a business only lives in relation to the strength and the prosperity of all other business in the world. They must know that words like peace, co-operation and good understanding are not so much a generous ideology as a happy and practical form of rational selfishness. It must finally be understood that man is no more free in the economic field than in the physical field, to act as he pleases following his own ideas or what he thinks is his personal interest. Inevitable laws weigh upon us which punish us severely if we ignore them. We must endeavour to know them.

Fragmentation and Sub-Division of Holdings in Mysore–II.

By D. Krishna Iyengar, M.A.

The multiplication of sub-division and fragmentation of holdings is also helped by the system of award under the Land Acquisition Regulation. The following figures show that for each piece of acquired land, several bits of land scattered and removed from one another have been awarded. This is due to the scarcity and unavailability of the land that can be granted as an award in exchange of the land acquired for some public purpose.

Area acquired in acres.	Survey No.	Area awarded in acres.	Survey No.	
3—9	121	1—16	63	
		0—16	93	
		0—15	54	
		0—30	67	
		0—12	72	
1—25	175	0—8	252	
		0—11	361	
		0—11	357	
		0—11	269	
		0—8	361	
		0—16	302	
		0—10	252	
0—22	256/1	0—19	125	
		0—1	35	
		0—1	25	
		0—1	39	
0—15	78	0—2	316	To different people.
		0—3	,,	
		0—1	,,	
		0—2	,,	
		0—5	,,	
		0—2	,,	

N.B.—With the kind permission of the Land Acquisition Officer, K. R. Sagara.

It is evident from the above table that the system of award is increasing the number of sub-division of holdings. Out of survey number 316, six bits of smaller area consisting of about 2 to 4 gunthas in measurement have been awarded to different people in exchange of one plot of 15 guntas. Again for one plot of one acre and 25 guntas several plots of different sizes have been created. Thus the existing system of award encourages the growth in the number of holdings.

The village called Dudda in Mandya Taluk comprises 451 acres of dry land divided among 105 holders giving an average of $4\frac{1}{3}$ acres per holder. The wet land under the village tank is 104 acres divided among 95 holders resulting in an average holding of one acre and 4 guntas per holder. The actual number of plots are as follows :—

Size of Plot.		No. of Plot.
Below 1 acre	..	193
Between 1 and 2 acres	..	74
,, 2 ,, 3 ,,	..	46
,, 3 ,, 4 ,,	..	24
,, 4 ,, 5 ,,	..	12
,, 5 ,, 10 ,,	..	38
Above 10 acres	..	5

In a village called Chikka Byadara Halli in Seringapatam Taluk in Mysore District the following figures show the condition of sub-division of holdings :—

Size of Plot.		No of Plot.
Below 1 acre		286
Between 1 and 2 acres	..	81
,, 2 ,, 3 ,,	..	60
,, 3 ,, 4 ,,	..	15
,, 4 ,, 5 ,,	..	8
,, 5 ,, 10 ,,	..	17
,, 10 ,, 25 ,,	..	2

In a village called Tala Sasana in Seringapatam Taluk the number of plots are as follows :—

Size of Plot.		No. of Plot.
Below 1 acre	..	439
Between 1 and 2 acres	..	150
,, 2 ,, 3 ,,	..	65
,, 3 ,, 4 ,,	..	33
,, 4 ,, 5 ,,	..	18
,, 5 ,, 10 ,,	..	38
,, 10 ,, 25 ,,	..	1

The above sets of figures show that more than fifty per cent of the total holdings of the villages is below one acre. The yield from them is neither profitable nor sufficient to maintain the family of the cultivator.

The introduction of the scheme Record of Rights to some of the taluks in the State is intended to check litigation and to reduce the unnecessary expenditure by the raiyats in executing and registering documents and to protect them against fraud and fabrication of false claims. But indirectly it facilitates the multiplication of sub-division of lands. The recognition of even the smallest area of a piece of land as a holding in Revenue Records is certainly an encouragement to the ignorant raiyats to divide further every piece of land among their sons. Apart from the

advantages such as "distribution of assessment among various hissadars, grant of takavi and land improvement loans and grant of suspension or remission of land revenue, it is a stumbling block in the way of consolidation and the existing scheme certainly helps the growth of both sub-division and fragmentation of holdings and that of cultivation.

The disadvantages of present state of affairs as a result of excessive sub-division and fragmentation are many. It is not economical to cultivate pieces of land scattered all over the village area which makes the question of fencing the plots impossible. Very little of fencing is seen now-a-days in villages. Even where the fields are forced to have some kind of fencing the conditions are such that very little protection could be had. That is the chief reason why the people, with an object of starting an independent line of cultivation on business lines, find it difficult to do. The result of it is, a cultivator is forced to follow one uniform crop or system of cultivation whether he likes it or not common in the village. Any one who wants to strike out a new path on up-to-date lines in any opeartion of cultivation cannot succeed. He has to sow the corn where the others in the village sow, and he has to reap and harvest when others do the same. Thus much of the enterprising energy is nipped in the bud for want of facility and uniformity on the part of the cultivators.

Waste of time in carrying the implements and manure from one field to another during the busy season of cultivators is another disadvantage of the sub-division and fragmentation. The result is, that distant fields are often neglected or the fields nearer to his house will get the best attention though they are small and scattered, irrespective of their fertility and productivity. Fear of losing the crop in the distant fields if careful watch is not kept is another reason why the distant fields are sometimes neglected. Instances of this kind are many in villages. In a village called Dudda in Mandya Taluk, in Mysore District, a piece of land measuring about 8 acres is left fallow by the owner mainly due to its distance from his house which is about a mile and a half.

A greater number of fields in our villages do not allow large-scale production by applying labour-saving machineries on up-to-date lines. It would be a waste of money and energy even to think of such things with our existing condition of sub-division of lands. Lack of field roads for carting manure, and absence of farm houses within the land wherein the holder may attend to his work with manifold advantages are some of the drawbacks in our system of agriculture. The importance and the advantages of a compact holding where the ryot could live saving immence waste of labour, time and energy is not yet realized in our country.

In brief, the evil effects of sub-division and fragmentation impede current cultivation and prevent any tangible improvement in the land. Not only do they make in the long run a man's living impossible but also make any orderly organization of labour and capital out of consideration. No second crop can be grown. Much uncertainty of the cultivation of these small bits is caused among the neighbours leading to litigation and permanent feuds. Thus a general uneconomic atmosphere is created where even such evil effects are keenly felt.

The immediate remedy to eradicate the evil effects of this process is consolidation of small holdings. To achieve this end, certain amount of cumpulsory expropriation and restripment is necessary. The holdings are not allowed to be sub-divided beyond a minimum area and the subsequent indivisibility of the reconstituted holdings should be put an end to.

The most interesting form of consolidation is seen in the enclosure system of Rural England in the fourteenth and fifteenth centuries, when the lords of the manor or other landholders felt the impossibility of independent farming and when the fields were left open for all the village cattle to roam and graze. The exhustive and wasteful common system of cultivation was given up. Many wealthy landlords enclosed their lands by means of fences. Thus English agriculture became remarkable in the eighteenth and ninteenth centuries on account of several features such as the appliances of capital and labour in large scale and consolidation of small farms into larger ones. The enclosure system deprived of the rights of pasture of the smaller peasants who could no longer keep cow and sheep. They were forced to take to industries leaving their small strips of land in the hands of big landlords. With the growth of prosperity, the enlarged and enclosed estates became self-contained areas with a farm house and 'labourers' cottages. Thus there arose a class of landlords, owning vast estates where the tenant farmers and landless

labourers work harmoniously on the estate even to-day.

The process of consolidation in Denmark is more striking and serves as good example unlike that of England. A patriotic regeneration of the country was started just after the Nepoleanic Wars when the export of butter, bacon and eggs to Britain rapidly increased. Earnest attempts to create machinery for development in agriculture and to proceed on scientific lines were made. The proprietors of the land were allowed tol eave their farms intact to any one of their children subject to moderate concession being given to others. Government undertook to liquidate the debts of peasant farmers and restricted the subdivision or mortgage of such farms until the Government loan is realized. Denmark is now a land of small farms with an excellent system of rural organization, the use of which has been well recognized by the formers. She has developed her agriculture and agricultural industry to such an extent that no other industry can compete with it. Thus Denmark was saved from acute depression, poverty and backwardness that would have resulted from extreme sub-division and fragmentation.

The general principles that have to be adopted for consolidation of holdings in any country are according to Mr. Keatinge (1) Compulsory expropriation, (2) Certain amount of compulsion to accept restripment when the majority of the landholders desire it, (3) Restriction of further or subsequent indivisibility of holdings beyond a certain minimum, (4) No encumbrance on the holdings.

Many are the attempts made within India to mitigate the evil effects of sub-division and fragmentation. In Bombay, the Government did not recognize the area of a holding beyond a minimum area but in practice there was nothing binding the occupants, legally, not to divide their holdings into smaller plots. In parts of Punjab, this was checked by a kind of limitation of succession to a single heir but there was nothing to prevent subdivision of cultivation. In Central Provinces a legislation called Consolidation of Holdings Act was passed which brought about consolidation of fragmented holdings with a consolidation of cultivation to a very great extent due to the majority of cultivators who were also permanent tenants.

In Punjab, by the introduction of a new scheme through the agencies of Co-operative Department, a striking success has been achieved. By this method the average area of holdings has been increased and there is no compulsion used and the whole process is quite simple. It aims at the removal of fragmentation. The experience of these agencies for the last eight years has amply indicated that consolidation of cultivation is largely achieved by consolidation of right holders holding. This successful scheme was brought into existence with careful education of the masses, with perseverance and patience in attending to all the objections and obstinate complaints of the ryots and thus the average area of each holding has been increased from 0·7 to 3 acres.

In Mysore, there is not any organized scheme to combat the evils that arise from the process of sub-division and fragmentation. Here, as in some parts of India, cultivation is for mere subsistence and not for profits. The cultivator never takes into account the waste involved in tilling his bits far off from one another. The general principles of a scheme of this kind has already been enumerated. The problem now is how our villages and villagers among whom mutual jealousies and petty factions are dominating in place of co-operation and mutual help, will welcome a change of such a fundamental character. It is thought that neither a change in the law of inheritance nor the restriction of transfer of holdings from one section to another will wholly improve matters.

It is too much to expect a wholesale system of improvement at the hands of Government. The Government of Madras once said. "Legislation in such matters is out of question and any attempt to discourage sub-division below a certain unit by the levy of a prohibitive or otherwise is likely to be resented." Therefore the best scheme is one where both Government and its people unite together to work for a strong organization through co-operation by which the evil effects of sub-division and fragmentation should gradually be eradicated.

In the formation of a scheme of this kind, certain amount of compulsion is essential but it should not be considered as an indispensable factor. When all other means such as persuasion, preseverance and mass education are exhausted and when the majority realize the benefits of such a scheme then compulsion may be applied to get rid of the obstinate minority.

Nothing but co-operation can solve this difficult problem of consolidation. It is co-operation that makes people voluntarily to associate and work for a common benefit.

Madras Since the British Conquest–XVII.

By The Editor.

Among the more notable retirements of the period was that of Colonel Pearse. In allowing him to lay down his office, the Commander-in-Chief issued the following complimentary order:—

Head-quarters, Choultry Plain, January 31. 1835.—The Commander-in-Chief regrets the intended departure of Colonel Pearse, on furlough to Europe, but his past honourable and useful career of service, and the efficient state in which he leaves the regiment of artillery, in *personnel* and *material*, afford the best proof that Colonel Pearse has zealously acquitted himself of the important trust he has now held for upwards of eight years, in a manner highly creditable to his professional ability. The Commander-in-Chief will have great satisfaction in bringing his sentiments of the valuable services and merits of Colonel Pearse to the favourable notice of Government.

Colonel Pearse was a distinguished Artillery Officer and was probably the son of Thomas Deane Pearse (whose name was spelt as *Pearce* as well), a well-known Artillery Officer who rendered valuable services in the wars of the 18th century. Educated at the Royal Military Academy at Woolwich, he entered the Royal Artillery in 1757—in his 21st year—and served in the Siege of Guadeloupe, the Havannah, and Bellisle. He joined the Bengal Artillery as Major in 1768 and became a Colonel ten years later. He was Warren Hastings' second in the latter's duel with Sir Philip Francis on August 17, 1780. Hastings sent him in 1780 to Madras, at the head of five regiments to serve under Sir Eyre Coote, in the campaign against Haider Ali and the French. He commanded a brigade and was present at Polliloor, Sholinghur and Cuddalore, in the last of which he was unjustly superceded by order of General Stuart. On the conclusion of the peace in April 1784, he retired with his troops to Bengal, on which the Madras Government expressed their high sense of the distinguished services rendered by his detachments and of Colonel Pearse, by whom it had been so efficiently commanded. He was also presented with a sword of honour in recognition of his services in the Karnatic. He died in Calcutta on June 13, 1789. It is not known whether Thomas Pearse who entered the Madras Service as writer in 1783 and became Accountant-General in the Mayor's Court in 1789 and Provincial Paymaster at Tanjore in 1792 and died in February 1794, was a brother of his. Colonel Pearse, who commanded the Artillery in Madras, upto 1834, was probably his son and won as much distinction as his father. He subsequently became General and saw service in Mysore. He was one of the ablest officers of the British Commission days, as popular as he was efficient. He is still remembered in the State. His interest in the arts and industries of the country was an abiding one. His contributions to the study of the ancient culture and history of the land showed as much his tastes as his enlarged outlook on things Indian. Dr. Pearse, who rose to be Inspector-General of Hospitals in Madras in 1860, was his son. A brother of the latter was Surgeon-Major R. E. Pearse, who was President of the Madras Club in 1882-83. At least five generations of the Pearse family thus served in India from about the middle of the 18th to about the middle of the 19th century illustrating Mr. Kipling's remark that members of the old Anglo-Indian families followed one another generation after generation in as orderly a position as the Dolphins do in the sea.

An Affair of Honour.

As is well known, duelling was common in England down to the days of George III and in France it is still lawful. It is now thought to be a foolish, if not a childish, mode of settling disputes, but in those days it was a common method of settling what were called affairs of honour. The Duke of Wellington fought a duel with Lord Winchilsea in 1829. Before then Castlereagh, Pitt, Sheridan, Fox and Canning had all taken part in duels. In *The Rivals*, as will be recalled, a duel is a chief incident. Hastings' duel with Francis and Macartney's with Stuart are well-known duels fought in connection with transactions which took place in India. One such was indulged in Madras in 1835 under circumstances which might be briefly noted here:—

"A meeting took place on the 29th November of that year, between Captain J. Smith, of the 2nd Light Cavalry, and Captain C. Taylor, of the Artillery, arising out of a correspondence in the newspapers. A letter bearing Captain Taylor's signature having appeared, which Captain Smith considered to couple his name with dishonourable proceedings, sent a friend to demand an apology, or a meeting. Captain Taylor offered to express regret if Captain Smith would disavow the authorship of certain letters, signed "Manly Safeguard", making attacks upon Captain Fryer, with reference to his recent appointment, which he considered wanton

and dishonourable. Lieutenant Thomson, the friend of Captain Smith, considered that this demand was, under the circumstances, out of the question. Mr. Grant then tendered from Captain Taylor the following:—"Although Captain Taylor still retains his opinion, as expressed in the letter in question, of this person who wrote that under the signature of "Manly Safeguard", and considers all the epithets used to that person most justly applied; yet with the advice of his friend, he is willing to admit he was not justified in coupling Captain Smith's name with the dishonourable and unmannerly conduct with the reprobates; with this admission, Captain Taylor does not hesitate to express, at having so used Captain Smith's name." This was refused by Lieutenant Thomson as insufficient, and Mr. Grant was informed that nothing short of an apology, without reference to the letter "Manly Safeguard", could possibly be received. Captain Taylor having refused to make any apology, the parties met, when, after an exchange of shots (Captain Taylor's pistol missing fire), the seconds considered the shot rendered Captain Taylor's expression of regret again repeated, but without allusion to the letter signed "Manly Safeguard", sufficient without an apology and the parties shook hands".

Arrival of Sir Peregrine Maitland.

The time for the retirement of Sir Robert O'Callaghan was fast approaching. The *True Briton*, having on board His Excellency Lieutenant-General Sir Peregrine Maitland, K.C.B., who had been appointed to succeed Sir Robert in the office of Commander-in-Chief, anchored Madras roads on the night of the 10th October 1836, and at 5 o'clock in the afternoon of the following day landed, under a salute of 17 guns, at the Sea Gate. Here, according to the *Herald* report, he was received by Sir Robert and Staff, the Chief and other Secretaries to Government, the heads of the General Staff, and a large assemblage of the Civil and Military functionaries of the Presidency, and conducted through a line of troops to the Council Chamber, where he was met by the Right Hon'ble the Governor and Members of Council, and sworn in under another salute of 17 guns from the Fort ramparts.

Complimentary Dinner to Sir Robert O'Callaghan.

A farewell dinner to Sir Robert was held two days later—13th October 1836—at the Banquetting Hall. The *Courier* (14th October) remarked that the friends of Sir Robert had the happiness of witnessing at the dinner their best intentions crowned with gratifying success. It then went on:—

"They met to show him how truly they knew him to be worthy of every mark of esteem; they met to show him how much they loved him. His friends must ever be proud of the opportunity they availed themselves of—and they will be equally happy in days to come when they shall recollect the pleasing moment of their success. They will be equally mindful of, we are sure, and remembered with gratification, the intense feelings of pleasure which they gave their chief. Their hearty demonstrations of satisfaction at his past conduct, both private and public, and the interest they shewed for his future welfare, sunk deep into the bosom of their chief and guest, who in countenance could not conceal from his friends the powerful self-satisfaction with which they had impressed his heart."

Sir Robert was the second son of Baron Lismore, and had seen forty-two years of service in the Army when he laid down the office of Commander-in-Chief in Madras. He had entered the 128th Regiment in 1794, when he was but seventeen years of age. He had served in Sicily, taken part in several battles in the Peninsula and made K.C.B. and K.C.H. in 1825. Becoming Lieutenant-General five years later, he was appointed to Madras where, as we have seen above, he served for five years, acting as Commander-in-Chief in India from Lord William Bentinck's departure in March 1835 to Sir H. Fane's assumption of office in September 1835. His administration of the Madras Army was marked by vigour and a just sense of discipline. He made good the word he had passed at the time he took office: while he duly considered the claims of individuals of all ranks and classes founded on merit and service, he gave the greater weight to them when they had been "supported by the favourable recommendations of commanding officers".

His Farewell Order to the Army.

Sir Robert issued the following farewell order to the Army:—

"*Head-quarters, Choultry Plain*, October 11, 1836.—In relinquishing the command of the Madras Army, which he has had the honour to exercise with so much pride and satisfaction to himself, Sir Robert O'Callaghan feels it to be an agreeable duty to record his approbation of the zeal and ability of the general and field officers and General Staff, and to offer them his acknowledgments for the cordial support which they have at all times afforded him. It is most gratifying to the Lieutenant-General, that he resigns his important charge to so distinguished an officer as Sir Peregrine Maitland, and with his sincerest wishes for its continued prosperity and honour, he now bids the Madras Army farewell."

Sir Robert was made a G.C.B. in 1838, and died two years later on June 9, 1840.

Sir Peregrine's Previous Career.

There was a point in Sir Robert's reference to the previous career of Sir Peregrine Maitland. Entering the Guards in 1792, in the fifteenth year of his age, he had served in Flanders, Spain, and at Walcheren. He became in 1815 a Major-General and C.B. and commanded a Brigade at Waterloo. In

recognition of his services at Waterloo, he was made a K.C.B. and in 1818, appointed Lieutenant-Governor of Upper Canada. After ten years in Canada, he occupied a similar high position in Nova Scotia, where he stayed till 1834. Meanwhile, in 1830, he had been made Lieutenant-General.

Sir Peregrine Maitland's Levee.

A fortnight after his arrival, though somewhat unwell, Sir Peregrine held his first levee. The *Conservative* of October 28, 1836, gave the following short account of it :—

"His Excellency the Commander-in-Chief held a levee in the Banquetting-room yesterday, which was very numerously attended by gentlemen of both branches of the service, members of the legal profession, and others. We were sorry to observe His Excellency looking far from well, but he appeared to bear the fatigue of the occasion better than could have been expected."

Fatal Accident to Sir George Elder.

Sir Peregrine's staff was strengthened not long after he took over charge. In the last week of November 1836, Major-General Sir George Elder, K.C.B., a seasoned officer who had had a long career of distinguished service in various parts of the world, joined the General Staff. But he was not destined to serve long, as he lost his life almost immediately thereafter in an accident. A newspaper of the day thus chronicled his death :—

"Sir George Elder, a distinguished officer, who had arrived from England on the General Staff of the Army only a week before, was thrown from his horse and killed on the spot on the 3rd December (1836). It appears that Sir George was mounted on a very spirited horse and called at Waller's stables for the purpose of giving some directions to Mr. Waller. Immediately on leaving the stables the horse went off at score up the Mount Road, and when opposite to the Commander-in-Chief's house the horse attempted to turn, which Sir George tried unsuccessfully to prevent, when both horse and rider came with great violence against a tree. After the concussion the horse stopped short, kicked up, and threw the rider off forwards. He never spoke and on being lifted into the carriage, appeared quite dead. A private letter states that a *post-mortem* examination discovered disease of the brain independent of that occasioned by the accident."

Sir George had been appointed to the Command of the Mysore Division of Army and had taken over the post, when he was killed.

A Review of Troops.

At the close of the review and field exercise of the troops on the 14th and 15th December 1836, Sir Peregrine issued the following order :—

"The Commander-in-Chief desires that his acknowledgments may be offered to the troops who were engaged in the field exercises on the 14th and 15th instant. His Excellency is well pleased with their steadiness and attention to orders; and his thanks are particularly due to Brigadier-General Doveton, C.B., and to Colonel Logan, who commanded separate bodies on these occasions, for the able and animated manner in which they conducted the operations entrusted to them; as well as to Brigadier Showers, for the judgment with which he handled that excellent Corps, the Madras Artillery. The Commander-in-Chief did not, however, fail to remark an evident want of practical knowledge on the part of officers Commanding Companies of the line, and he desires that Commanding Officers of Corps will give their attention to this important point, as well as to the practice of each alike in the V part of the field exercise and evolution of the Army. This and the intelligence generally shown by the officers will, at an early period of time, correct the defect. His Excellency is satisfied that such practice is well calculated to call forth and perfect the intelligence of the officers and the discipline of the men composing an army, which has invariably been distinguished for gallantry and efficiency through a long career of active service from the days of Clive and Coote, on the field of Assaye, and down to the recent campaigns of Ara and Coorg."

Departure of H. M. 45th Regiment.

The following Division order by Lieutenant-Colonel Trewman, commanding the Hyderabad Subsidiary Force, appreciative of the good conduct of H. M. 45th Regiment, was issued under date *Head-quarters*, Secunderabad, November 21, 1836 :—

"H. M. 45th Regiment having quitted Secunderabad and encamped, preparatory to its return to England, Lieutenant-Colonel Trewman performs a pleasing duty to record the orderly, praiseworthy, and exemplary conduct of this Regiment during the period of its service with the Hyderabad Subsidiary Force. It is a theme of general admiration and this excellent Regiment justly merits and receives the tribute of respect and regret, as naturally consequent to its separation from this cantonment. After a long period of service in India, with a reputation established for discipline, and good conduct in quarters, and its banners covered with honours which it has gained in war, H. M. 45th Regiment has secured earnest hopes for its safe return to our native land, and for future welfare and success; assured that a happy union of sincere and right good-will is composed in this farewell to H. M. 45th Regiment."

The commendation was well deserved, considering the valuable services rendered by the Regiment in India. Colonel Trewman, who commanded the Hyderabad Subsidiary Force at the time, was just to a degree in his well chosen language. (By the way, it is not clear whether he was related to Lieutenant Zachary Turner Trewman, who belonged to the 1st Battalion XIV Regiment M. N. I. and died on 1st December 1811, aged but 26 years, and lies buried in the Madura Town Cemetery, near the Railway Station. Probably the two were brothers.)

The Future of Indian Industries—III.

By Hardit Singh Dhillon, M.A., Ph.D.,

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(10) *Equality of Trading Rights.*—The present political unrest in India has made the mercantile community of Great Britain conscious of the loss that they might be subjected to bear if self-government is granted to India. They are, therefore, clamouring for the so-called equality of trading rights, and it is reported that they were influential enough to have the Minorities Sub-Committee of the Round Table Conference include in their report that "there should be no discrimination between the rights of the British mercantile community, firms and companies trading in India and the rights of Indian-born subjects."* This is tantamount to saying that the economic exploitation of the Indian people and their resources, at the hands of British capitalists, should continue unabated even when India is a self-governing country. It is natural that the British interests should demand such a security, because the exploitation of the Indian masses and resources has been the chief purpose of England's holding India in bondage for more than a century and a half. But self-governing India will not tolerate the perpetuation of such exploitation, and British interests will have to be discriminated against in favour of the Indian. There is nothing unjust in such discrimination. Every self-governing country has a right to encourage native enterprise and if such an endeavour involves discrimination against alien interests it is only just and right that it should be instituted without delay.

The "equality of trading rights" between Indian and British interests is a misnomer: for what does equality mean between a dwarf and a giant? English industry and commerce are on a basis far superior to that of Indian industry and commerce. And a week party, when it acquires the power of protecting itself from a strong party, violates no moral principle if it finds it necessary to discriminate against its rival.

Such, in brief, are the main principles which should guide the protectionist policy of India. It is hoped that protection, if scientifically applied, will prove beneficial to the development of Indian industries. But it may entail heavy loss to the country if it is carried too far or if it is applied without due discrimination. Complete self-sufficiency, after all, should not be the aim of any nation. Only those industries which possess favourable prospects for development and which will ultimately be able to stand on their own feet should be encouraged under a protective system. An exception to this may be taken in the case of "Key" and war-time industries which sould be kept alive even at the cost of continued protection.

It is true that protection involves sacrifice, because it raises the price of commodities on which import duties are levied. Such a sacrifice, however, is justified because it is made for the purpose of securing greater advantages from the development of domestic industries.

4. Imperial Preferences.

We now come to a consideration of the question of imperial preferential trade, a problem which has occupied the attention of British tariff reformers and imperialists since the beginning of the present century. We shall not trace the origin and history of this idea but will make an analytical study of the question as it stands at present. The basic purpose behind the imperial preferential scheme is to co-ordinate the resources of the British Empire and to develop them in such a way as to secure the greatest self-sufficiency within the Empire. Moral stimulus of the various countries of the Empire is excited by appealing to their common bond of imperial citizenship, and it is hoped that the scheme will work out to the best interests of all members of the Empire.

When, however, we scrutinize this problem carefully, we find that it does not appear very promising to India. Imperial citizenship does not awaken in her people any enthusiasm: it is, on the contrary, a mark of disgrace for them. Unlike the dominions, which share a common history and tradition with the mother country, India has nothing in common with England—her history, religion, philosophy, tradition and everything else is quite different from that of England. Unlike the dominions, also, India has not received liberal treatment from England; here the relation has been that of an oppressor and oppressed,

* *Modern Review*, April 1931, p. 419.

while co-operation and co-ordination have ruled in the case of the dominions. Nor has India received any better deal from the dominions and other parts of the Empire; everywhere her sons are subjected to unspeakable humiliation and disgrace.† "Indian soldiers fought in the British quarrel in China and Soudan, in France and South Africa; and the only return India has got is that the treatment of Indians in the present British possessions, won for the Empire by aid of Indian blood and Indian treasure, is much worse than it ever had been in the days of the foreigners they have helped to displace."‡ These are painful memories and can, in no wise, make the Indian people rejoice over the idea that they are citizens of the British Empire.

While there is nothing on the side of moral stimulus which should entice the Indians to support the imperial preferential scheme with enthusiasm, we find still less justification for such a scheme when we examine the character of Indian exports and imports with respect to their relation to the British Empire and other countries. The following tables¶ show the character of India's trade.

TABLE 20.
Export Trade of India.
(In percentages.)

	1913-14	1924-25	1925-26	1926-27	1927-28	1928-29
U.K.	23.4	25.5	21.0	21.5	25.0	21.4
Other countries of Empire..	11.0	8.5	9.3	11.4	10.4	9.5
Total B.E.	34.4	34.0	30.3	32.9	35.4	30.9
Foreign Countries	65.6	66.0	69.7	67.1	64.6	69.1

TABLE 21
Import Trade of India.
(In percentages.)

	Pre-War Average	War Average	1924-25	1925-26	1926-27	1927-28	1928-29
U.K.	62.8	56.5	54.4	51.4	47.8	47.7	44.7
Other countries of Empire ..	6.9	8.9	8.1	7.7	7.1	6.9	9.4
Total B.E.	69.7	65.4	62.2	59.1	54.9	54.6	54.1
Foreign Countries	30.3	34.6	37.8	40.1	45.1	45.4	45.9

These tables show that an overwhelming share of Indian exports is received by foreign countries, the shares received by the United Kingdom and other countries of the Empire being approximately 21 per cent and 10 per cent respectively. In the case of imports, however, the United Kingdom occupies a predominant place, providing 45 per cent of the total Indian imports, while other countries of the Empire furnish about 9 per cent and all other foreign countries combined provide 46 per cent. It is understood that, because of the powerful position which British manufacturers and commercial men hold in the sphere of Indian trade, the exports which go to foreign countries are the ones which the British Empire does not need and, likewise, the imports which come from foreign countries are those which the British Empire cannot supply. It is also understood that Indian exports are mostly in the shape of raw materials and foodstuffs and imports are mainly manufactured articles.

We are now in a position to envisage the possible results of the adoption of an imperial preferential scheme. Let us see, first, what the Empire can hold out to India under such a scheme. As it has already been remarked, India's exports are mainly of raw materials and foodstuffs, and the only way to give them preference would be to impose duties on similar imports from foreign countries. This will necessarily raise the prices of such imports and will not be tolerated by the free people of Great Britain and the Dominions. Even if such tolerance were possible, it would not help India materially, because 69 per cent of her exports are absorbed by foreign countries.

But, how much can India help the Empire

† The treatment of Indians in South Africa is especially notorious for the tyrannies to which they were subjected and discriminations which are still directed against them by the British colonists there.

‡ Shah, K. T., *Trade, Tariff and Transport*, p. 307

¶ Adopted from the *Review of Trade of India.*

by accepting the preferential scheme? A protectionist India will have to maintain her basic import duties at a level which will ensure the development of her industries by driving out the foreign imports of manufactured articles from the field of competition. The only preference which India could justly afford to grant would be to subject the imports from the British Empire to minimum duties and levy a surtax on imports from foreign countries. But this would be a preference merely on paper, because it would actually bring no material advantage to the Empire. The imports from the Empire as well as from foreign countries would be prohibited by the basic import duties and any surtax above that would be only nominal.

We see, thus, that when India adopts a protectionist policy preferential trade will neither be useful to the Empire nor to India.

There is, however, a chance of preferences being given to imperial imports in the case of commodities which will continue to come even under the protectionist policy and for which foreign countries and the British Empire will be rivals. But such action will give rise to retaliation* from foreign countries and will involve India in tariff wars, a situation which she should carefully avoid. It is also important in this respect to note that, with the adoption of protection, India's trade with foreign countries is likely to increase very rapidly, though a tendency toward this direction is already manifested. When this happens, foreign countries will be in a stronger position to harm India with their retaliatory measures if she tries to discriminate against them under the pretext of imperial preferences; and no member of the Empire will be able to compensate for the loss thus incurred. The best policy for India, therefore, is to renounce any scheme of imperial preferences.

The political status of the various countries of the Empire renders it all the more difficult to form any workable scheme of preferences. Any practical scheme of imperial preferences precludes either the fiscal autonomy of all members of the Empire so that their tariffs can be framed to meet the local demands, or supremacy of Great Britain to guide the fiscal policy of the Empire so that uniform policy could be applied to all members of the Empire. It is idle to entertain any hope that the self-governing dominions will be willing to depart with their fiscal autonomy in favour of imperial preference. It is equally idle to believe that India will entertain any thought of imperial preferences before she has attained her fiscal autonomy, which, in its turn, is tied up with her political autonomy, both of which British imperialists are trying to keep in hand until the last moment of their strength. It, therefore, appears that, under the existing disparity in the political status of various parts of the Empire, any scheme of imperial preferences is impossible to put into practice.

Nor does the scheme appear advisable from the International point of view. Supposing that self-sufficiency within the Empire is realized under the plan of imperial preferences, what will its result be? The mighty Empire, with little dependence on other countries, will be a source of constant danger to world peace and security. After all, international interdependence, except in the most vital cases, should be the ideal for which every country should strive so that world co-operation in economic and political matters may some day be realized.

From all possible points of view an analysis of the scheme of imperial preferences appears to be decidedly unfavourable to the interests of the Empire and also to those of the world. Politically, the scheme is not workable because of the differences in status of the members of the Empire. The only judicious conclusion, therefore, is that we should cease to think of any such scheme.

In bringing to a close the discussion of the future of India's industries, we may remark that the development of her industries depends upon the adoption of an effective policy of protection; half-hearted measures will prove expensive and useless. In order to pursue such a policy, India needs her fiscal autonomy as a pre-requisite. The fact is that fiscal autonomy is much more important than political autonomy; India may wait for the latter for some time without considerable loss, but she cannot do so in the case of the former. After attaining her fiscal autonomy, India's next step should be the adoption of a scientific programme of protection under the guidance of expert Tariff Board. She should waste no time considering schemes for imperial preferences; this is likely to do her more harm than good.

* Professor Marshall apprehended this danger and said that, "any *serious* Preferential Scheme for the Empire would be likely to call into being a formal or informal Middle-Europe-Custom-Union directed against the Empire". (Pigou, A. C., *Memorials of Alfred Marshall*, pp. 456–57.)

Economic Development in Jaipur.

By H. Kothari.

Economic depression, Trade depression, Economic crises, these are the words now on every tongue. Indeed in the economic history of the world, these words signify the greatest war, involving in its compass the whole world. One nation tries to improve her own industry and commerce at the expense of other nations. According to the theory of the survival of the fittest, the stronger nations are trying to kill the trade and industry of the weaker ones. India is no exception to the war and Jaipur which is a part of India is not without being affected. For before this *monstrous crisis, many industries, such as,* brass-work, minakari, jewellery, were in flourishing condition, but now have been nearly ruined. But, if due attention is paid to. Jaipur comes out successful through these tempestuous times.

There was a time when she had no parallel in brass-work, but on account of out-of-date processes and method of organization she is daily losing her market and it is a very difficult task for her to stand in comparison with Muradabadi brass things. Even in Jaipur we see Muradabadi brass things hither and thither in the market. Thus the brass industry in Jaipur is facing a critical situation. Though from time to time attempts were made to start this industry on a large scale. His Highness the present Maharajah Sahib Bahadur in his speech on the occasion of Birthday-Darbar said that very soon this industry would be started on a large scale so that it can stand in comparison not only in home market but also outside, yet still nothing is done upto this time.

Jaipur is also very famous for her minakari-work on gold and silver and for making very beautiful work in gold and silver, but on account of high price of gold and trade depression people cannot buy these things of the Jaipurians. Goldsmiths and silversmiths are largely suffering.

There was a time when we exported wheat, barley, *zera, chilly, cotton,* and oil-seed, but on account of over-production of raw materials and foodstuffs in the world, which brought the price to a lower level, people have left to produce these articles in the State, as their production is not at all remunerative. Now we have to import wheat and barley for local consumption from the Punjab and U. P. As far as zera, cotton, oil-seed, chilly are concerned these are the chief agricultural exports of the State, but unfortunately on account of the trade depression and unfavourable export custom duties the trade of zera has fallen not only in value but also in volume. It can be clearly seen by the custom figures which is in the decrease by Rs. 1,18,951. Though the export of rye, til and mustard seed have increased to a considerable extent, it is very small as compared with zera. We have exported zera about 120,000 maunds *in 1930. Though the custom duty was reduced* from Rs. 3 to Re. 1 per maund, yet still the duty is very high. Owing to this zera cannot find a market.

The price of cotton has gone low and so the export of cotton is decreasing daily. In 1927 the total number of bales exported from the State was more than 45,000, but now it is less than 1,000. It is a wonder that the State still charges the export duty on it.

It is too difficult for one to find the real position of the trade and industry on account of want of figures. Neither the people nor the Government take care for it. Still we will try to draw correct conclusions and show the possibility of the development of industry in the State.

We have abundant natural resources as steatite, mica, copper, lead, garnet, etc. Though some enterprisers have taken part in these mines, yet still it is very unsatisfactory. The steatite mines is working satisfactorily and recently an up-to-date mill was opened in the old capital, Dausa, but still there is much scope for further development.

A soap factory on a large scale can be started near Gangapur, because we can obtain there a large quantity of groundnut oil and other necessary things at a cheap rate.

The paper industry of Sanganer is decaying steadily on account of ignorance about the up-to-date processes and lack of protection against the foreign paper. This industry, if carefully attended to, can be revived in its ancient form.

Wine can be prepared from zera and can be exported to other countries. There is also much scope for oil-mills because we have large quantities of ground-nuts, rye, mustard

seeds and cotton seeds. There is also much scope to increase the production of Indoli.

Besides this, there is much scope for other industries. If due attention is paid on the production of the Khadder, then the cottage cotton industry can be developed more, and thus the poor agriculturist of the State can utilize up-to-date methods of agriculture by investing the money procured from the Khadder. The scheme for cotton-mill as pointed out in His Highness' speech in the Durbar held in honour of the Birthday is still under consideration.

It is a wonder, that though we have so many natural resources, yet still we could not develop our industries. The following are the causes and remedies :—

(1) Those who are educated have no money for investment in trade and they have to depend only on services, and those who have money are uneducated and do not know how and where to invest this, and they know only to hoard it. Thus, if mutual co-ordination between these parties is made, the natural resources of the country can be utilized to the fullest advantage.

(2) The State custom department is only the source of income and no consideration is paid on the trade of the town. Jaipurians have to pay double duty both at Bombay and Jaipur. Hence Jaipur has also to depend upon the Indian Tariff Board for her exports and imports and we have no voice in the Assembly to draw attention on our point.

(3) Absence of commercial and technical institutions. People receive no commercial education in Jaipur and there is a great need for a chamber of commerce. The percentage of school-going boys is 15, but of students receiving technical education is 0.68. The expenditure on it is only 5 per cent of the whole education budget. The introduction of more technical institutions either by people or by government will fill this gap also and the people shall not suffer from non-employment.

(4) Want of State Bank.—We have a branch of Imperial Bank, but this bank only deposits money and has monopolised of taking all commissions on the drafts and R.R. that come from outside and go from this place. Before the opening of this Bank these commissions went into the pockets of local bankers. but now on account of this bank the local bankers have reduced to deplorable state. Thus, there is much necessity of State-Bank which will give due attention to the industrial progress of the State.

(5) Abolition of the stamp-duty on the Bill of Exchange which is very costly and checks the progress.

(6) There should be a Limited Company Act and some modifications in Registrar court as while going to mortgage one's property, one has to wait for several months and this delay is of great danger in commerce.

(7) If possible, the compulsory primary education should be started which can increase the general outlook of the labourers and hence their efficiency.

(8) There should also be given some special scholarships and rewards to the students who can search the best use of the production of the place.

(9) The account of exports and imports and other necessary informations of the industries and art of the State should be available.

(10) Some agriculture co-operative societies should be started.

(11) People should also make exhibitions of the local produce.

(12) Compulsory learning of economics of Jaipur for students of Economics with their other course.

In conclusion, I have to say that if the condition will be allowed to remain as it is, Jaipur will have to surmount a great economic crisis, which will fall heavily upon the Government and the people.

A London correspondent writes :—Another new bill which will have to come before Parliament very soon is the measure to overhaul the Unemployment Insurance System, which must be passed into law by June. Government now take the view that whatever may happen in future the whole of the unemployed cannot be absorbed and that a large number of men and women will not be able again to find work in their normal occupations. For this reason semi-permanent methods will have to be found for helping the semi-permanent unemployed to keep themselves fit mentally and bodily, and these considerations will be reflected in the Government's new proposals. There is no idea of anticipating work which would normally be undertaken some years hence, for if unemployment is not merely a passing phase, anticipation of work would only mean fresh trouble in the future.

The Indian Sugar Industry.

By G. V. Rajaratnam, Bombay.

Sugar is in everybody's mouth to-day and tastes as sweet as ever. It has been a known article of food since pre-historic times. In ancient Indian hymns, mention is made of a form of sugar, which was apparently used for both calinary and ritualistic purposes.. In the earlier days in Europe it was a luxury item of food accessible only to the opulent and wealthy classes, but in countries like India where the sugarcane and date have always been prolific in abundance it was consumed even by the lowest classes in a crudely manufactured form called *Gur*. Though sugar is derived from a variety of growths of the vegetable kingdom, profitable extraction for commercial utility is made mainly from the sugarcane and the beet root. Sugar is produced in Europe, Asia, Africa, America and Australia. In Europe and in parts of North America it is made from the sugar beet and in the other continents from the sugarcane. When impurities have been removed by refining no differenee can be dectected either in taste or smell, the chemical analysis of refined beet and cane sugar being the same.

In civilized life the consumption of sugar has reached gigantic proportions. This has been brought about by enormous output by the mass production methods, the raw material being derived from monster plantations. Mass production in its turn tended to cheapen the price of sugar to a level that a man in the road can afford to buy as a daily article of his diet. Before the war, the world's consumption of sugar increased with the regularity of a clock and the average yearly increase over a period of 60 years was 3½ per cent. In 1913 the quantity consumed was 19,000,000 tons. The increase was arrested by the world war, but consumption now shows definite signs of expansion. The latest available figure is about 27,000,000 tons, Europe and America alone absorbing more than 18,000,000 tons of sugar annually. The *per capita* consumption of sugar is the highest in New Zealand, Australia, United States and Denmark. In Asiatic and other oriental countries consumption of sugar always depends on price. Roughly about one-fifth of the total production of sugar is produced in the British Empire. India consumes all her crop and also imports large quantities of foreign sugar. In India, the quantity of sugar produced from an acre of land varies with the conditions of weather, soil, labour and quality of cane. In some parts where still primitive methods are employed less than one ton of sugar is obtained from one acre of land. On the other hand, the production in Java sometimes exceeds 5 tons to the acre, and in parts of Hawaiian Islands as much as 12 tons have been produced.

In India sugar is produced mainly from cane and is cultivated in order of importance in North-West Provinces, Bengal, Oudh, Madras and Bombay. The best cane is reputedly grown in the irrigated lands in the North-Western Provinces, and though an expensive crop it yields large profits. India with a population representing one-fifth the total human population of the world naturally requires a great quantity of purified sugar to meet the home demands. In his review of the sugar industry of India during 1930-31, contributed to the *Indian Trade Journal*, Mr. R. C. Srivastava, Sugar Technologist, Imperial Council of Agricultural Research, Cawnpore, points out that the best production in India of *gur* and jaggory, both cane and palm, during 1930-31 may be estimated at 2,368,000 tons compared with 2,244,000 tons in the preceding year. There were no imports of *gur* by land from countries situated over India's borders. The exports by sea of cane and palm jaggory declined from 1609 tons valued at Rs. 2,73,035 to 469 tons valued at Rs. 1,40,064 during last year. Production of refined sugar by modern factories and refinaries in India during the combined cane and *gur* refining seasons was 110,918 tons in 1929-30 as against 99,088 tons in 1928-29. Adding to this total our estimated production of 200,000 tons of sugar manufactured by the indigenous processes the total production amounts to 310,918 tons as against 299,088 tons in 1928-29. Exports of Indian sugar by sea during 1930-31 amounted to 493 tons valued at Rs. 1,11,389 against 275 tons valued at Rs. 95,451 during the preceding year.

Indian imports of sugar, excluding molasses, during the year 1930-31 amounted to 901,278 tons valued at Rs. 10,54 lakhs against 939,584 tons valued at Rs. 15,51 lakhs. These figures are for British India only and do not include imports through the ports of Indian States during the year 1931. The decrease was specially due to the smaller amounts of imports of beet sugar which totalled 78,000 tons as against 131,000 tons in the previous year. Imports of Java sugar into the different maritime provinces were as under :—

Province.		1930-31.	1929-30.
Bengal	..	325,067 (40%)	353,497 (45%)
Bombay	..	176,975 (22%)	151,246 (19%)
Sind	..	184,296 (23%)	156,570 (20%)
Madras	..	77,403 (10%)	78,155 (11%)
Burma	..	38,626 (5%)	41,683 (5%)

The total amount of beet sugar imported during the year was 78,000 tons valued at Rs. 87 lakhs as against 131,000 tons valued at Rs. 2.25 lakhs.

Now it will be seen that India imports a great quantity of foreign sugar worth crores of rupees. Efforts are now being made in India by industrialists to make this country self-sufficient. As India is possessed of all the natural advantages, this ambition is not far fetched. The raw materials are at the door and the production of this is capable of great expansion in view of the vast tracts of irrigated land that is now available.

The newly awakened sentiment of buying only Indian made products will greatly increase the demand for Indian made refined sugar. In fact this is already assisting the sugar industry to a visible extent.

The foreign sugar manufacturers' price cutting in India has long been thoroughly disorganized the local trade. The cheap sugar from Java is being imported in vast quantities to the detriment of the economic interests of India. Government have not been unsympathetic on the whole in their attitude towards the Indian sugar interests. The Indian Tariff Board was recently charged by the Government of India to inquire into the claims of the sugar industry for tariff aid. As a result of the Tariff Board Report, the Government of India have now definitely adopted the policy of protection to the fast growing sugar industry of India. The Government have now imposed a custom duty of Rs. 7.4 per cent on imported foreign sugar. This duty is further subjects a surcharge of 25 per cent. It is needless to say that this thoughtful Government succour has provided a much needed fillip to the growth of an industry that fair-bids to become one of the biggest in India. As a direct result of Government encouragement it is expected in reliable quarters that in 1932-33 no less than 20 new sugar works have come into existence.

The prospect of the sugar industry is one of the brightest phases of industrial life in India at a time of grave economic dislocation. This encouraging feature should make money investors in India to confidently invest their money in the development of an industry that has very rosy prospects before it.

A London correspondent writes:—Before his address to the Royal Statistical Society Mr. R. G. Hawtrey declared that Government expenditure only creates additional incomes and additional demand if it is a vehicle of inflation, and it is open to the obvious criticism that any such vehicle is superfluous. It is the inflation that produces the result, and the inflation can be started by credit relaxation without any capital outlay by the Government. Mr. Hawtrey said that Mr. Keynes' advocacy of Government expenditure as a means of revival is to be traced to his view that credit relaxation can only work through the long-term investment market, and that commercial borrowing (that undertaken for the purchase and holding of goods) is insensitive to it. He thinks commercial borrowing is not merely sensitive to credit relaxation, but its response is much prompter than that of the investment market. He said, however, that an exceptional situation occasionally arises in which depression becomes so severe that a relaxation of credit fails to stimulate borrowers and the credit system is at a deadlock, as at the present time. Cheap money fails to induce traders to borrow. The market is overflowing with money, but no one wants to use it. If the Government pays away newly created money to the people it employs, it is argued that the money will reappear forthwith as demaud. But Mr. Hawtrey contended that in reality the deadlock is never absolute. In any one commodity market pessimism only prevails intermittently, and at other times traders are amenable to the usual motives in their borrowing operations. In his view it is reasonable to expect that if the central bank reinforces cheap money by open market purchases of securities the deadlock can be resolved. Government expenditure is at the best a very slow method of accomplishing this end, and there is no certainty that it would be effective. A momentary impulse to restart economic activity could be better given, he thought, by a temporary suspension of all taxation. That would not necessarily add more to the National Debt than a programme of capital outlay.

A National System of Vocational Guidance.*

By Dr. K. N. Kini, M.A. (Hons.), A.M., Ph.D. (Columbia), Dip. in Edn.,
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Life activities in India are becoming increasingly numerous and complex as in the rest of the world on account of vast developments in science and industry and consequent expansion of new methods in agriculture, manufactures, commerce and transport : and parents find it extremely difficult to guide their children in pursuing studies which would lead them into vocations suited to their intelligence, capacity, aptitude and earning ambition. Most parents advise their children to take up those courses which lead to popularly known lucrative jobs, the result being that twenty or thirty times the number that can be conveniently employed in certain vocations are thrown upon the employment market with consequent later disappointment to hundreds of youths *at the most crucial period of their life.* Conditions of employment in industry are changing rapidly and it is not possible for the ordinary parents to keep track of them and guide their children to go into right channels. While it is true that the number of avenues open to educate youths in India is very limited as compared with that open to youths in the industrially more advanced countries of the world, there is no agency either in our school system or outside to offer them, even in this limited field, what is called "Vocational Guidance" by which is meant the help that may be given to young people to choose an occupation, to prepare for it, to enter upon it and to make progress in it. The rapid changes in the economic conditions in this country, especially as they relate to the life of the educated youths, demand the need for organized guidance from the point of view both of individuals and of society. The school is a ready agency which has to step into the field because the school can devise methods to gauge the intellectual ability and vocational aptitude of the young people, can easily set up agency to understand their problems and can organize expert assistance for vocational placement in co-operation with the parents and industry.

Methods of Vocational Guidance.

Broadly speaking there are three general methods for offering vocational guidance. First, the school can provide knowledge to the pupils in occupations suited to different economic levels and to grades of intelleigence and capacity and can assist them to understand the educational requirements, standards of health and physique, amounts of emoluments obtainable and the chances of future prospects in each of the occupations. By class exercises, student investigations and talks by business people who are actually engaged in different occupations, students can be helped to develop proper appreciations, ideals and attitudes towards those vocations.

Secondly, the school can establish a number of practical arts courses in properly organized shops or in the fields to provide personal experiences to pupils in activities from among which they may have to make choice later on. These are called "try out" or "exploration" courses. Here the students have occasion to form right habits, develop proper attitudes and skills, get adequate appreciation of conditions obtaining in those lines of work and acquire trade or industrial knowledge.

Thirdly, the school can appoint trained vocational counsellors who could interview pupils, offer them information regarding jobs fitted to their ability, interest and educational standards, assist them in selecting the jobs, help them to secure training for engaging in those jobs and later follow them up while they are actually employed.

The duties of a vocational counsellor are very onerous. He has to study the individual, make contacts with industry and other employers and secure the co-operation of parents. He needs special training in giving psychological tests (intelligence and aptitude tests) to individuals. So he must be a man of no mean educational attainments and training and should have due appreciation of educational and vocational needs of the diverse economic and social groups in the nation.

Administrative Problems.

In cities and big towns, where there are schools with large enrolments, there may be one counsellor for each school or for a group of schools. In other places where school enrolments are low, there should be itinerant counsellors for a group of towns or villages. Of course the work done in the latter case cannot

* Read at the All-India Federation of Teachers' Associations, April 1933, Lahore.

be as efficient as in the former. But something is better than nothing. Educational authorities should make a beginning as early as possible.

Vocational guidance should be offered in all types of schools and Colleges, general and *vocational, because from each of these institutions* pupils do go out to secure employment.

Teachers' Colleges must institute courses for training vocational counsellors. They must *also conduct research in psychological and* vocational tests and should make *occupational studies suited to different localities* served by them.

A National Association for Vocational Education in India must be started with branches in the Provinces and the States and sub-branches in the Cities and Districts. These bodies must study the problems of Vocational Education and Vocational guidance as affecting the whole country and the respective localities and help in the dissemination of ideas among the people. If we have to enlist the *co-operation of the public*, we must educate public opinion, and for this, there must be *proper agencies*. The *present Teachers'* Colleges, Vocational Schools and Educational *Associations should do pioneer work*; and when as a result of their efforts the National Association comes into being, their work would be reinforced.

The White Mutiny: A Review—I.*

By The Editor.

We have read this book with great interest and can unhesitatingly state that it is a serious and genuine attempt to rescue the name and reputation of Sir George Barlow, who was Governor of Madras during the seven years covered by the years *1807 and 1814*. The Mutiny of European officers occurred in 1809 and is commonly spoken of as the *White Mutiny* for the only troops directly concerned in it were the European officers, who, by reason of their position in the Indian regiments, secured, of course, the sympathy and even the active aid of Indian soldiers, *attempts to separate whom from their officers*, proved futile to a degree. Sir Alexander *Cardew, the author, is a retired member of* the Indian Civil Service, in which he rose to *the highest position open to his class in the* Madras Presidency. He has thus not only had a close personal *knowledge of nearly the whole* country in which the Mutiny occurred but has also obtained information about the principal officers concerned in it and the circumstances attending it, from the research he has conducted in regard to it by a study of the MSS. relating to it found in the India Office, the British Museum and the Barlow family. He has thus been able to re-tell the story of the Mutiny in a manner at once authentic and authoritative.

We are not, however, sure that despite the skill he has shown in handling his material, Sir Alexander has manipulated it to the best advantage. As it is, the best part of the book is in the Appendices. It would have been an advantage if the material thrown into these adjuncts to the book had been properly woven into the monograph itself. The story of the Supreme Court of Madras stands, as *depicted in Appendix A*, by itself, while the references to it in the main body of the book seem wholly bizarre. Likewise, the connection of the Carnatic debts and how the manner of their settlement affected Sir George Barlow's reputation, though he was really not primarily responsible, for it would have been better understood by the reader if it had *found a place at the proper place in the text*. Similarly, the main narrative would have *gained much in consistency if the Sherson* Case and how it affected Sir George adversely *had been incorporated in it. Much* the same remark applies to the other Appendices, with the possible exception of the selection of intercepted letters written during the Mutiny which are presented to the reader in Appendix F. Here, again, a little more care, if not exactly forethought, would have distinctly added to the convenience as much of the casual reader as of the careful student of history. It would have been better if either a headnote had been added *to each letter to show by whom it was written*, or at least his or their description had been given. No doubt the requisite details are mentioned on pages 203 to 206 but it is highly inconvenient to refer back again and again. The *superscription* is given but not the *subscription*, which is tantalizing to a degree.

A few minor deficiencies may also be noted here, not in any carping spirit but entirely

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* By Sir Alexander Cardew, K.C.S.I. Messrs. Constable & Co., Ltd., London. Oxford University Press, Bombay and Madras.

with a view to their correction in a new edition, if one is called for in the future. Sir Alexander has shown a decided preference for the word "Native" in place of "Indian" and this not only in the text of the work but also in his Note on Vernacular and Anglo-Indian terms prefixed to it. The reason assigned by him for this preference is that it was "in habitual, almost exclusive, use at the period to which the book relates to denote a native of India." And he adds: "It would have been an anachronism in style to have introduced the term 'Indian'. That is a contention to which we cannot subscribe. The term "Native" is objected to not because it is wrong to use it, but because it has come to be regarded as a term of vile abuse. When usage has depreciated the meaning of a term, it is better, for many reasons, to wholly avoid it. There is surely no anachronism in that. A small note would have sufficed to ward off all possible misunderstanding on that score and it would have been in such good taste, especially where Indian readers are concerned. This is, in our opinion, the more necessary in a book in which the "Native" shines to such advantage when compared with the "European", who was the "Mutineer", the "rebell" and the canvasser of the dethronement of a Governor, for the resuscitation of whose reputation Sir Alexander pleads with such admirable good feeling. Nor has Sir Alexander shown himself such a stickler as to his being guilty of possible "anachronism". At page 68 of his book, we find the word "Durbar" used for "Government" in connection with the Indian State of Travancore. Surely that is a worse anachronism than any use of the word "Indian" for "Native" would have involved him in. The term "Durbar" is an absurd latter day invention of the Political Department of the Government of India for designating the Governments of Indian States, which, even from the point of view of international law, have the right to call themselves—and insist, too, in some cases, on being so called—"Governments", which they in fact actually are. And why Sir Alexander, so careful as to anachronism as regards the term "Native", should have gone the length of styling the Travancore State of 1809 a "Durbar" is more than we can say. While that is quite past understanding to us—perhaps we see a glimpse of Sir Alexander's political complexion in these little negligible things—his preference for "Chittledrug" for "Chitaldrug" (p. 129), "Nundrydrug"* for "Nundidrug" (p. 19), "Hoosoor" for "Hosur" is strange, especially when we remember that they do not occur in any quotations made by him from the original authorities used by him. The "customary spelling" he refers to would have been better in these cases. In books of this type, it is a well acknowledged principle that, except in actual quotations, the modern authorized spelling should be used, to avoid confusion on the part of the modern reader. On page 86 (line 3), the term "High Court" is an anachronism for the "Supreme Court". Sir Alexander should know that the Indian High Courts date from 1861, having been constituted under the Indian High Courts Act of that year. "The fear of anachronism" is thus seen to be a mere plea for perpetuating the use of a term, like "Native", which has acquired an odious meaning, even in purely historical or literary writings. This is a decision of Sir Alexander which we deeply deplore. If we have written at some length on this point, it is solely to induce him to take a more common-sense view of it and delete it wholly in the next edition of this book. We would also at that time require his attention to two other small matters. On page 233 (Appendix F, Line 14) the word "obliged" seems a misprint for "oblige". On page 68, line 4, from bottom, there is this awkward phrase:—"Services of him and his troops," which would certainly sound better and more grammatical if it were corrected into "Services rendered by him and his troops".

These, however, are minor deficiencies and defects and they certainly do not detract from the value of Sir Alexander's work as the historian of the White Mutiny. Sir Alexander had, while in service, shown an aptitude for work of this kind and it is pleasing to note that he is devoting a part of his leisure in retirement in working at historical episodes of the kind, of which the present work is an example. Its chief merit, in our opinion, is that it seeks to retrieve to some extent the memory of an old time Governor, who fell a victim to a system of Government which he felt compelled to administer, whether he liked it or not. While Sir Alexander has found it expedient to exculpate Sir George Barlow, he has not a word to say against the system of governance to which he fell so easy a prey. That is characteristic of the service to which until recently Sir Alexander belonged. It stands for "*izzat*" and in doing so, it forgets that the people governed have their "izzat" as well and the clash comes beacuse this fact

is forgotten. The more the pity, it would seem. It is strange how history seeks to repeat itself. *Every issue in which Sir George* adopted a "repressive" attitude was, as will be shown below, revised by the Court of Directors. *Sir Alexander attributes this to the* persistent controversy carried on by the men concerned. Controversy was, he says, carried on "by letters in the Press (generally annonymous), by pamphlets, by personal intrigue and by minutes and speeches in the India Home and in Parliament ". What else could a set of people *who had been sacrificed to a* wrong and vicious system of Government —which was not responsive to the needs of the day—do ? Is "controversy" wrong or is "lobbying" wrong in such a case and is it "personal intrigue" to win over vacillating Directors and Members of Parliament to *one's own views by giving them all the* information relevant to a proper understanding of the issues involved so that justice might be done ? *Justice may be long in the coming,* but when it does, it is crushing in its character. "Intrigue" is plainly not the word for all that, where Directors and Members *of Parliament* make the cause they plead their own and act with a sense of responsibility and take the chance of being thrown over board *in open debate in the India House* or Parliament as the case may be. The education of public opinion is the very breath of political life and good governance. So much depends on it that it is a surprise that he should stigmatize it as mere "controversy". Sir Alexander is on very slippery ground when *he seeks such adventitous aid as this to bolster* up his defence of Sir George Barlow. It would have sufficed his case, if he had proved that Sir George floundered into a set of circumstances in which he felt, both by his training and by his own personal predilictions, his hands were tied up by a system of government against which he found himself, by the traditions of his time and his service, unable to go forward. *If he had gone forward*, without repression of the extreme type he adopted, he could have shone as a statesman of the first rank and not a mere administrator of *laws and usages which had lost their hold on* the people affected by his measures and policies. There is ample justice, thefore, in the remark of Professor Morse Stephens that when he was placed in a high gubernatorial seat, Sir George was found utterly wanting "at a crisis". That is why the judgments of historians like Mill and Marshman also went against Sir George. It is not that these have accepted the "general view" as Sir Alexander feelingly complains but that they have, consciously or unconsciously, tumbled on the right verdict of history.

This, however, is very different from saying that Sir George Barlow has not been the victim in part of a considerable amount of private malice. Quite apart from the mistakes com*mitted by him and the lack of statesmanship* that he displayed, there is little douht that Sir George did not, as rightly remarked by Sir Alexander Cardew, "deserve the obloquy with which he was over-whelmed in his life time." Nor does he deserve the wholly unfair estiamtes formed of his regime by subsequent writers. *Inaccuracy of detail may* be excused in them but not unfairness to his real talents or his merits.

In the first twelve chapters of his book Sir Alexander deals with the causes of the Mutiny, both remote and prominate and those who figure conspicuously in it ; in the *next seven chapters (XIII to XIX inclusive)* with the Mutiny itself, its progress and its suppression ; chapter XX records the end of the *Mutiny* and the measures taken to punish those concerned in it ; and chapter XXI reviews the affair, analyses its causes and the reasons for its collapse, and endeavours to apportion praise and blame.

Apropos reimposition of Stamp duty on cheques in India the *Times* remarked :—"There can be no doubt that the absence of a stamp duty has encouraged the use of cheques in India. In the last pre-War year the value of cheques which went through the clearing houses was only Rs. 650 crores. After the War this form of monetary transaction developed, and by 1929 the cheques cleared reached the value of Rs. 2,038 crores. In 1930, the last year for which returns are available, the effect of the slump was being felt and the value of cheques fell below the 1928 figure to Rs. 1,804 crores. It is a reasonable assumption that the banking habit, where it has been established, will not be departed from, save in respect of drawing cheques for small amounts, on account of the reimposition of the duty. But the change will be unpopular, and it is sure to be challenged in the course of the discussions on the Budget in the Legislative Assembly". Since this was written, the proposal has fallen through.

Bombay Marine Fisheries.

By C. T. Rao, B.A., B.L.

The report of Mr. H. T. Sorley, late Collector of Salt Revenue, Bombay, on the Marine Fisheries of the Bombay Presidency, which has been just issued by the Bombay Government, envisages developments in a neglected field. The valuable fishery resources of the long sea coast line of the Bombay Presidency have long remained unutilized to the extent they should be. It was however impossible for that Government to take in hand the development of fisheries until a new and complete survey of the fishing industry had been made. It is now 20 years since the last survey was made: and though much of Mr. Lucas' report of 1910 still holds good to-day, it seemed necessary that it should be amplified and brought up-to-date, and that due consideration should be given to the new conditions which had arisen since Mr. Lucas wrote.

The report calls attention to the inadequate data available for a study of the fish and fisheries of this Presidency. Mr. Sorely states:—"Marine biological, hydrographical and marine technological enquiry is a vast field in which no systematic work relating particularly to Bombay has yet been done." The object of the present report is however not scientific so much as industrial or commercial. It discusses the efficiency and adequacy of the present development of the sea fisheries of the Presidency and their subsidiary industries and suggests the most promising lines on which Government and private enterprise could further their development.

A very interesting feature of the report is that which deals with trawling in the Presidency. The problem is of great importance because of the desirability of increasing the supply of cheap fish food for the poorer classes and the inadequacy of the present supplies of sea fish even in Bombay itself, especially in the monsoon. Of the experiment made by Government with the trawler "William Carrick" in 1921-22 the report states:—

"Though the trawling experiments did not result in commercial success, the scientific results are of permanent value. The information thus obtained could have been got in no other way. The work of the "William Carrick" is, in fact, the one solid achievement in scientific research which has been carried out in Bombay waters and is invaluable and unique."

The high net cost of the experiment, which was over Rs. 3 lakhs, was due to the combination of scientific and commercial investigation. The experiment has shown what the dufficulties are and provides all the information which Government could be expected to offer to any firm which wished to consider trawling in Bombay. Success would depend principally on the system of cold storage and distribution.

A more promising development, however, seems to be motor boat fishing, an industry which has been developed to a phenomenal extent in Japan in recent years. Mr. Sorley considers that the development of motor boat fishing in Bombay depends upon the possibility of altering the small fishing boats now in use to accommodate auxiliary engines and teaching the Koli fishermen to work the vessels. He has no doubt that such a development would increase the supply of fish. Improvement in marketing, refrigeration and transport would have to go hand in hand with such a development. Government assistance might also be required.

The fish curing industry, like other branches of the industry in the Presidency, is in a stable and moderately thriving condition. Mr. Sorley suggests that salt for fish curing should be supplied duty free in Sind as is already done in the rest of the Presidency. He also suggests that the local Government should take over the Government fish curing yards from the Central Government. There seems considerable room for expanding the number of such yards and improving the quality of cured fish. The Central Government has naturally no interest in the yards from the industrial side and the provincial Government would be the best agency for carrying out these improvements.

Mr. Sorley's conclusions are that there is no room for the establishment of fish oil, fish meal and fish manure industries owing to the want of a regular supply of the right kinds of fish. He also thinks that there is no room for a fish canning industry owing to the absence of any demand among Indians for this expensive product. He, however, sees a possibility of developing trade in fish paste. In these matters the experiments conducted by the Madras Fisheries Department have provided much useful data.

Mr. Sorely gives reasons for holding that there is no ground for believing that there is

any excessive destruction of fish fry or over-fishing on these coasts. This, however, does not apply to oyster fisheries where over-fishing constitutes a serious problem. For oyster fisheries regulation by means of licenses and enforcement of a close season are recommended.

A large mass of statistics on the present fishing industry which is conducted on the scale of a cottage industry is presented. The general conclusions reached are: that the industry is neither expanding nor declining, that the fish supply shows no falling off, that the fishermen are healthy and moderately prosperous in comparison with others of the same social scale and that their boats and tackle are suitable and up to date. No important development can be expected except by the application of power to the industry. At present the industry supports about 1,47,000 persons, of whom some 51,000 are male earners. The quantity of sea fish caught every year is about 50,000 tons, worth some Rs. 80 lakhs. The value of the foreign export trade is Rs. 21 lakhs and of the coastal export trade Rs. 23 lakhs.

Mr. Sorley remarks on page 98 that there is no up-to-date arrangement for the distribution of fish in Bombay City. The report does not enter into any detailed suggestions for improvements in this respect. But in paragraph 155 he recommends that the Department of Industries should examine the extent to which marketing, distribution and refrigeration could be improved so as to assist fishery development in certain areas, including Bombay City. This question has been taken up by the Department.

Among many miscellaneous recommendations the following are of general interest:—

(1) There is no need to establish a department of fisheries in this presidency.

(2) If the fish-curing yards are taken over by the local Government an assistant inspector of fisheries on a pay of Rs. 150-10-250 should be appointed and should work under the Director of Industries.

(3) The important questions of marketing, distribution and refrigeration should be examined by the Director of Industries.

(4) A bureau of fishery information should be established.

(5) The Bombay University should encourage marine biological research and private patrons should provide scholarships for fishery research.

(6) There is ground to believe that fried fish shops should be a successful venture in Bombay City. They would serve to extend the use of fish for food.

(7) Marine aquaria should be established in Bombay and Karachi if they can pay their way, as the Madras aquarium does.

(8) There is no need for the Government of Bombay to undertake general fishery research.

Mr. Sorley sums up the reasons for the primitive condition of the fishing industry in the Bombay Presidency, and points out that most of these obstacles to development are removable, some easily, some not. Whatever the future holds, the development of the fishing industry must depend on the initiative and energy of individuals and their willingness to take advantage of facilities which are provided or which can be provided. The experience of the Madras Presidency appears to suggest that in India the public is not yet fully educated up to the stage at which it can take the fullest advantage of facilities provided at public expense. The Report also emphasizes the educational value of marine aquaria and fishery exhibitions and advertising campaigns. We may add that it is well illustrated and contains interesting appendices. Among the latter is one on nets in common use with diagrams, and another on the kinds of fish in Bombay and Sind waters, with their vernacular names.

In Convocation at Oxford University on March 7, the Keeper of the Ashmolean (Mr. E. T. Leeds) moved the acceptance by the University of a bequest under the will of the late Dr. Sayce of collections of Egyptian and Oriental antiques, together with the sum of £950 for their installation. He said Professor Sayce's intention of leaving his collection to the Ashmolean had been long matured. His linguistic pursuits had brought him closely into connection with archaeology. That part of the collection dealing with the Near East included a fine sequence of early pieces ranging from the second century B.C. to the tenth century A.D. The sixteenth and seventeenth centuries were also illustrated by objects of great decorative value. There were some specimens of early jade and bronze weapons, together with a fifteenth century fresco. The Persian ceramics were particularly important as illustrating the thirteenth and fourteenth centuries. Professor Sayce left his library to Queen's College with permission to deposit Assyriological books in the Ashmolean.

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The only thing that can cheat a woman out of the last word is the echo of her own voice.

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Standing on your dignity does not help you in seeing over the heads of the crowd.

Octroi Duty on Imported Soaps.

By K. B. Rao, B.A.

The following is a statement showing the value of soap imported into and exported from the Mysore State from the year 1918-19 :—

Sl. No.	Period.	Imports. Quantity Rly. Mds.	Imports. Value Rs.	Exports Quantity Rly. Mds.	Exports Value Rs.
1.	1918–19	9.262	1,60,315	859	14.721
2.	1919–20	8.235	1,21,686	1,986	29,156
3.	1920–21	6,187	95,511	2,142	33,530
4.	1921–22	6,395	92.725	2,852	44,028
5.	1922–23	5,683	1,13,660	3.838	76,760
6.	1923–24	6,348	1,26,960	4,939	98,780
7.	1924–25	7,985	1,91,640	5,177	1,24,248
8.	1925–26	8,698	2,22,886	5,471	1,40,194
9.	1926–27	9,333	2,39,158	7,977	2,04,411
10.	1927–28	10,563	2,70,600	9,607	2,46,180
11.	1928–29	12,833	3,28,846	12,574	3,22,209
12.	1929–30	12,302	3,13,701	13,999	3,56,974
13.	1930–31	13,015	3,31,882	16,787	4,28,068
14.	1931–32	10,009	2,55,230	25,957	6,61,903

From the figures given above, it will be seen that the export of soaps has been progressively going up from Rs. 14.721 in 1918-19 to Rs. 6,61,903 in the year 1931-32. This will give our readers an idea as to the important position which soap manufacture occupies in the civic life of Bangalore City specially, and in Mysore State generally. If, by any chance, on account of outside competition conducted on what are known as modern methods, the production of soap decreases in the State of Mysore, it will add to further unemployment and distress among our own people. There are a number of subsidiary industries like printing, card-board box making, packing case making, etc., which depend on a flourishing soap industry. It has come to our notice that the manufacture of cheap travelling steel trunks has progressively increased in the City of Bangalore and this is entirely due to the flourshing soap industry. The reason for this is as follows:—soap factories use caustic soda as one of the essential ingredients and the mild steel sheet, of which the caustic soda drums are made, are made use of by some people in the City to manufacture steel trunks. We are citing this fact as an instance in point—to prove the fact how certain subsidiary industries may possibly depend on soap manufacture. The sum of Rs. 6,61,903 represents the value of soap actually sent out of the State. Speaking of the Government Soap Factory only, we would like to mention that during the year 1931-32, it appears to have sold nearly rupees one lakh worth of soaps *in Mysore State only*. If we should put another sum of rupees two lakhs as being the value of soaps sold by other soap manufacturers in Mysore State, you will see that the total value of soap manufactured and consumed in the State of Mysore comes to rupees three lakhs. If, in addition to this, we take into consideration the value of soaps imported into the State of Mysore during the year 1931-32, which comes to Rs. 2,55,230, we shall arrive at an approximate figure of the value of soap used by the people in the State. This will be between rupees five to six a year.

It should be our endeavour to use all possible and legitimate methods to foster our own industries and if an octroi duty of not less than 15 per cent is levied on non-Mysore soaps entering the different municipal areas, the local industry will have a better chance of surviving let alone flourishing, in these days of fierce foreign compitition. Even if the octroi duty proposed here, does not bring in additional revenue to the municipalities, the indirect revenue derived by a greater output of soap in the State, as a consequence of this octroi duty, is likely to more than compensate the position. At present the municipality is not deriving any revenue at all from soaps. If the octroi duty brings in a little extra revenue, well and good. If it does not bring in any extra revenue, the financial position of the municipality will still be better than at present, because on account of enhanced business secured by the local factories. We trust that this suggestion will attract the attention it deserves at the hands of the Mysore and Bangalore city municipalities.

No fewer than 500 delegates and experts representing 60 nations and 200 Pressmen will attend the World Economic Conference, which is expected to open in London on June, 12. The date will, however, depend on the recommendation of the Organizing Committee, which will meet at the Foreign Office shortly and will be presided over by Sir John Simon, and attended by Mr. Norman Davis (United States) and the Ambassadors of France, Italy, Germany, Belgium and Japan and the Norwegian Minister.

Shareholders and Companies.

By A. M. Kajiji, Bar-at-Law.

It is my settled conviction that shareholders, somehow or other, have forgotten the excellent virtue of self-help; there are some who are afraid of becoming our members because of their connection with managing agents and directors. There are those who do not care to take any interest at all while there are many others—and their number is the largest—who look at things from a distance but are always anxious to profit by the efforts of others. It is obvious that these conditions are a great handicap in the way of rapid progress and make our task most difficult. I am, however, alive to the fact that these conditions are not peculiar to India. Even in an advanced city like London a "Shareholders' Protection Association" did not become an accomplished fact until last year. While therefore we may take legitimate pride in having been able to start our Association much in advance of London, the central fact, nevertheless, remains that if we are to be able to act with power and authority it is the duty of shareholders to put their shoulders to the wheel and enroll themselves as our members in thousands. I would, therefore, once again appeal to the investing public to take a long view and join our institution without further delay.

I am informed that a big corporation is busy collecting proxies for its annual meeting although its annual accounts have not been issued to shareholders. This practice of canvassing for proxies at the expense of the Company without apprising shareholders fully of the facts of the situation is on the face of it indefensible. The way in which the ....Bank ....utilized the proxies and powers of attorney obtained from its shareholders is a matter of recent history. I would, therefore, once again appeal to the shareholders to keep this history constantly before their eyes and decline to sign proxies presented to them by companies or their agents fully remembering that any promises or assurances given to them in consideration of their signing proxies are liable to be forgotten, as they often have been, after the meeting is over.

The principal function of our Association is to protect and safeguard the rights and interests of the investing public in general and of shareholders in particular. It was in the discharge of this function that your Committee was compelled to issue public statements drawing the attention of the intending subscribers to the objectionable features contained in the prospectuses of certain new companies. I am glad to notice that these statements have done an amount of good not only to our members but to the public as well. None would be happier than your Committee at the revival of industrial activity. It is however most essential that the mistakes of the post-war boom period should be strictly avoided in any company renaissance that may take place. In my opinion, the essential condition is to see that new companies are conducted on lines which would inspire confidence in the mind of the investor. Judged from this point of view, many of the prospectuses recently published do not give any encouragement to hope that the lessons of the boom period and its collapse have at all been appreciated by the promoters. In several of these prospectuses, intending subscribers are not at all given any information as to the estimated volume of production, its costs, the margin of profit, etc., which information is absolutely essential to enable the investor to decide about the future prospects of the concern. Take the case of the .... Sugar and .... Sugar Mills. What did we find? We found that a most fantastic clause was incorporated in the Articles of Association to the effect that it would not be open to shareholders assembled at the annual general meeting to elect their chosen representative as a director in place of the retiring director unless the name of the proposed director was previously approved by the directors. Such a clause amounts to an invasion on the recognized right of the shareholders to appoint their own man as a director in place of the retiring director. Take again the case of the................................Co. What did we find? We found that a crude device was resorted to by the promotors of the company to retain in their hands control of the undertaking at the expense of the intending subscribers by means of the issue of deferred shares which, apart from being a free gift to the promoters, were endowed with plural voting rights. I ask whether companies organized on such objectionable lines deserve any public support. I am glad to find that a prominent citizen who was approached by the promoters of the..........................Co. with a request to subscribe for its shares and to recommend them to his friends did not mince matters when he wrote back saying that the request for subscription was not well deserved

inasmuch as the subscribers had been reduced to the position of "hewers of wood and drawers of water" *vis-a-vis* the organizers of the Company. I wish other members of the public had the courage to say so. It will be then and then only that company promoters will see that it will not pay them to appeal to the public sentiment in the name of nationalism. As pertinently remarked by a prominent Calcutta paper, "if India is to be able to mobilize more and more of its domestic capital for her industrial undertaking; if our nationalist friends are sincere in their abhorrence of foreign capital, they must see to it that the company promotors in India do not create conditions which drive back capital into its fastnesses." I make a present of these remarks to our friends the company promoters and hope that in future they will think more in terms of their subscribers rather than in terms of self.

At a time when prospectuses of new sugar companies are coming out in quick succession, I do not think it would be out of place to offer a few remarks concerning the organization of some of these companies. In their Report, the Tariff Board found that the usual rate of commission of managing agents engaged in the industry was 7½ per cent on profits and it was on this basis that they framed their estimates of the cost of production. Now what have we found in the case of several new sugar issues placed on the market recently? Firstly, there is an office allowance which, as a rule, represents additional remuneration to the managing agent, having regard to the fact that the company has to bear all the usual expenses of management. Secondly, there is a commission not only on profits but also on sales. I submit that these terms of remuneration amount to an exploitation of the protection granted to the industry at the expense of the community. The protection which the State has granted is intended for the benefit of the industry and not for any particular section engaged in the industry. Indeed, the object of protection will fail of its purpose if company promoters are to add to the cost of production by saddling the industry with unjustifiable terms as to remuneration. Your Committee have represented to the Government this aspect of the situation and have urged that in all legislation for the protection of specific industries provision should be inserted empowering the Governor-General in Council to see that protection is not misused.

It has often been said that industrial expansion is not possible in India unless managing agents are not most liberally paid. Without in any way subscribing to the managing agency system, may I be permitted to refer those who indulge in such wild talk to the recent prospectus of the Belrampur Sugar Company whose shares have been oversubscribed. It would appear that the managing agents Messrs. Begg Sutherland & Co., whose name in the Sugar Industry is a household word are content with a commission of six per cent on the net yearly profits and that too, after deducting depreciation on the statutory scale, income-tax, super-tax and other like impositions. It is obvious that these deductions would considerably lower the percentage of the commission fixed. It is significant to point out that the practice in Bombay is not to allow these deductions in calculating the managing agents' commission. I commend these terms of remunerations to those of our industrialists who contend that industrial expansion is not possible in India unless company promoters are liberally paid.

Whilst on behalf of this Association, I gratefully appreciate the encouragement and assistance received at the hands of the press, both in Bombay and outside, I cannot help referring publicly to the difficulties your Committee have frequently to contend with in inducing the press to give publicity to our statements. The hesitation on the part of the press to comply with our request is, I understand, in many cases the result of the fear of being involved in the clutches of the law of libel. May I assure the press here and now that before issuing any public statement, the Committee always takes particular care in fortifying its position with legal advice. The very fact that though more than once managing agents with a long purse have attempted to threaten us into silence not one of them had the courage to challenge in a court of law our *bona fides* in the matter of our criticism, ought to satisfy the press that our criticisms are weighted with sufficient care and responsibility. In this connection, I take the opportunity of denouncing the practice adopted by the management of a new flotation who attempted to gag the press by serving them with notices in advance before our statement could be published. Such company promoters, I am sure, do not either enhance their own credit in the estimation of the public nor do they inspire confidence among investors in new enterprise.

On 21st February last, in reply to a short notice question by Mr. H. P. Mody, the Honourable Sir Joseph Bhore stated that the Tariff Board's Report on the cotton textile industry was received later than Government had originally hoped and that the pressure of urgent

public business had left insufficient time for full consideration by Government of this matter. The Hon'able the Commerce Member informed the House that the final decision in regard to the Report not having been reached it had become necessary to meet the situation by extending upto 31st October next the Cotton Textile Industry Protection Act, 1930, and the Notification under Sub-section 5 of Section 3 of the Indian Tariff Act imposing extra rates of duty on cotton piece-goods not of British manufacture which were due to expire on 31st March next pending formulation of their decision. He further informed the House that in accordance with the usual practice the Report of the Tariff Board would not be published until a final decision had been taken by Government. It is much to be regretted that Government were unable to come to a decision although the Report, according to my information, had been in their hands since the middle of November last. The postponement of any action by Government on the Report is keeping the industry in a state of suspense. Since the Report was submitted the state of the industry has gone from bad to worse and any delay in protecting it adequately would mean nothing but disaster to all concerned. It is a well-known fact that the industry is suffering from the cut-throat competition from Japan accentuated, as it is, by the perpendicular fall in the Rupee-Yen exchange. Japanese goods are being dumped on the Indian markets—a fact which Government cannot deny. Any other Government, having the least solicitude for the welfare of the country's premier industry, would have taken effective steps ere long to arrest this sort of dumping. It is not too late even now and I hope the Government will come forward with anti-dumping proposals aimed to meet effectively the dumping of the kind which has been the common feature of trade conditions in India for some time past.

That the Finance Member has been able to produce a budget with a small surplus is evidently a matter of some satisfaction. But the public cannot by this mere fact be made to forget the very pressing burden of taxation imposed during the last three years. Your Committee have already condemned the decision to restore the salary cut by half and I wish the Finance Member would appreciate that this gift to the already over-paid service is most ill-timed when the languishing trade and the paralysed industry of the country badly need relief from taxation. Government, I believe, have rightly taken advantage of the unprecedented of cheapness of money in reducing the burden interest on our public debt and I also feel that the policy of converting our short-dated loans into longer maturities is calculated to relieve the future responsible Indian Government in its early career of what would otherwise be an embarrassing problem. At the same time, Government cannot any longer ignore their obvious duty towards the trade and industry of this country. The era of cheap money should be utilized to launch out well-considered programmes of capital works which would provide the much-needed stimulus to several of our industries that are drooping for lack of orders. I do not for one moment suggest any improvident or ill-conceived expenditure by the State but there are directions, for instance, the purchase of rails and rolling stock, etc., in which the State can do something to the benefit of our industries.

The White Paper has been condemned by all sections of Indian opinion and I do not think it will serve any useful purpose to deal with it at length on this occasion. Speaking from this Chair on the 28th June 1930, I observed that the whole problem in India was an economic problem; that it was the problem of national income. I stated that the national income being insufficient to supply the minimum requirements of the Indian people, the country was sliding downwards to dangerous depths. I do not find anything in the White Paper which can be said to hold ont any hope of betterment in the economic conditions of the Indian people. On the contrary, I find that the economic hold of Britain over India has been perpetuated and in certain respects even made tighter. I have no doubt in my mind that if England desires peace and contentment in India, she must be prepared to consent to a radical alteration of the proposals contained in the White Paper.*

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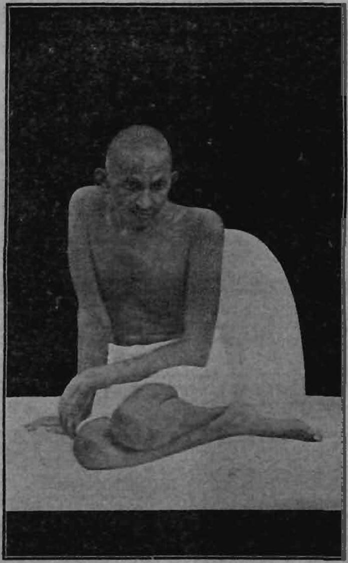
* Part of Presidential Speech delivered at the Fourth *Annual Meeting of the Bombay Shareholders' Association* held on 29th March 1933.

Seven authorities on education discuss in the *Educational Frontier* the evils of the educational system with courage and frankness. The authors agree that real social progress can best be made when social and economic life become a function of education. The remedy they suggest is the application of the principles of experimentalism to education.

The End of the Fast.

By R. H. C.

The truly epic fast of Mahatma Gandhi ended on the 29th May at 12 noon. It is not easy to reflect on it without a feeling of satisfaction that it has concluded, after the lapse of 21 days, without the Mahatma's life being endangered. Looking to the circumstances under which it was undertaken and the conditions under which it was carried out, it cannot be denied that the fast has been an event in the social and religious history of the country. It marks a milestone in its onward march. Whatever may be said by one class of critics, there is hardly any gainsaying the fact that it has given a new lead to the satisfactory solution of the untouchability problem. What was an occupational prohibition in some cases; in others, what was a religious exclusion: and in some others a social interdict has, through the lapse of ages, become a calamitous cause for the separation of man from man, man from woman and woman from woman. True it is that evil customs, sanctioned by long usage, die hard. But it is true also that it requires a new awakening in the conscience of the country before they can be wiped out. A superhuman effort was, indeed, necessary to exorcise the evil of untouchability. The only man who could do it was the Mahatma, who, after what has occurred before our very eyes, cannot but be termed a super-man. His has been an impressive figure in the recent history of the land. He has been regarded as not only great in the mundane sense but also in the spiritual one. Else, the world would not be waiting on his word as it has been for some time now. If such a man cannot do it, who could? If he cannot buckle his armour up to it, who could? And if he let slip the opportunity, could another be dreamt of for undertaking it? The Call found the Man and the Man the Call. That is the meaning of the Fast to those who would learn anything from it.



Mahatma Gandhi.

Critics have not been wanting who have very openly characterized the Fast as "moral coercion". Nothing can be farther from the truth. Indeed, as the Mahatma himself pointed it out, "moral coercion" is a contradiction in terms. If "moral" is the opposite of "immoral" and means that which is in "accordance with the best manner," coercion ceases to be coercion, and is a force or pressure that is always to be welcomed. Apart from this aspect of the matter, there is no pressure applied to any man or any community in particular. If a man induces people to love their neighbours as themselves and in doing so offers to undergo inconvenience to himself, it cannot be said he has done anything that might be termed applying compulsion to them. If this be not so, then every good man and true is a source of coercion to every other man who is not good or true; for he is always pointing the better way. How far is the good

man and true wrong in a social or religious sense in a case like this? Every religious reformer who tried to show the right path would, in such a case, be termed an immoral oppressor of society. Can that be accepted as a right description of the reformer? What would be the position of Sankara *vis a vis* the sects he suppressed; of Ramanuja *vis a vis* the untouchables generally; and what again of Madhwa who admitted women and Sudras generally to the right of Vedantic learning? What again should we say of Jesus *vis a vis* the crusade he led against his co-religionists, the Jews? These would have to be the greatest "moral coercers" of the world's peoples through the ages. Would any one listen to such a description? Are they not in one sense and in a true sense, still morally coercing people to go the right path and lead the right life? If the answer be "yes", then none will dispute how "love" has been the rock bottom of the Mahatma's Fast. Love for his community: Love for his society; and Love for his religion. To him the term "coercer" cannot be applied, except in the only sense of a teacher who points the right path of duty to those who would follow him. And as to those who would follow him to-day, their name is legion.

Another class of critics have suggested that giving one's life to a cause is tantamount to committing suicide. Jesus *gave* his life but did not, say these critics, *take* it—suggesting that the Mahatma is doing so. This is not only far from the truth, but is also a misreading of his life. So far as Jesus was concerned, he made—according to the best authorities—no difference between "giving" and "taking". No man could have taken it, if he could not have offered it. If a man is endued with love and his love for the right is so great and truthful that nothing short of it can induce others to do the right thing, he is privileged to risk it. The whole of Jesus' life is evidence of this doctrine. And according to the true theory of sacrifice, it is the best you love that you should give as an offering. And what is the best that a man could love so far as he himself is concerned beyond his own life? Hence it is that Jesus risked his to set before his co-religionists the right path and so it is that the Mahatma has risked his own to show the true way to his co-religionsts. None but those who cannot see or who cannot hear will speak ill of what the Mahatma did out of utter love for his brethren.

There is only one word more to add. What will the Government do? Simla news is conflicting. One version goes that the Mahatma will be left alone. Is that sufficient? A settlement is necessary and that can be got for the mere asking of it. Will Simla heed the hour? Echo asks "Will Simla heed the hour?" The clock has struck and the Man is ready—what is required is the will to do the right thing in the right way and to the right extent. The moral of the Fast is there to all except to those who will not listen.

A London correspondent writes:—It is not anticipated that Mr. Chamberlain will have any great difficulty in getting his Budget proposals through the House of Commons. There will, no doubt, be a good deal of criticism of the way in which he has disposed of his small surplus; indeed, the opening debate this week has shown that he is likely to meet with much Labour opposition and with little assistance from the Samuel group of Liberals. The latter feel that instead of reducing the beer duty at a cost of £14,000,000 some of the available surplus should have been used in the reinstatement of the cuts in the payment of the teachers, the police, the armed forces, and the unemployed, which were made in 1931. But, whatever force this criticism may have, Mr. Chamberlain is always assured of an ample majority. The co-operative societies are not at all pleased at the announcement that they are to make their contribution towards the national needs, and they will strenuously oppose the resolution which Mr. Chamberlain intends ultimately to bring before the House of Commons to achieve this object. Although the Chancellor of the Exchequer in his speech expressed the hope that some agreement might be reached, this is now regarded as most unlikely. Extensive "lobbying" was carried out on behalf of the co-operative movement before the Budget was introduced; now that Mr. Chamberlain's intentions are known, that form of political pressure will, no doubt, be still further increased. Mr. A. V. Alexander, who may be regarded as the leader of the co-operative movement, listened from the Strangers' Gallery to the Budget speech, and was afterwards present at the private meeting of co-operative representatives when it was decided to oppose the tabling of a resolution to enable Mr. Chamberlain to impose the necessary taxation in due course. [Since this was written, the measure has passed the House of Commons.—ED., *M.E.J.*]

Economics in the West.

United States Monetary System.

London, 30th April 1933.—It is too early to foresee with any assurance the permanent changes in the American monetary system resulting from the recent banking crisis in the United States. The authorities will require both time and patience to decide upon and put into effect measures designed to prevent a repetition of the disorders of the past few years. The steps taken meanwhile are directed almost entirely to coping with an emergency. Nevertheless, even these early actions of the new administration suggest some directions in which the monetary system seems likely to be re-shaped.

NATURE OF THE MONETARY STANDARD.

It has first to be recognized that the United States has joined for the time being the company of those countries which, like Germany, have suspended the operation of the gold standard while maintaining the exchange values of their currencies at about par with the few remaining gold units. Gold purchases from the central banks have been prohibited, and this in itself, by whatever method the prohibition is enforced, means departure from the gold standard. True, in our own country a similar procedure was followed, but Britain's departure from gold was due to overwhelming foreign exchange sales of sterling, which, immediately the step was taken, brought about heavy external depreciation of the pound below its gold parity. In America, on the other hand, the abrogation of the right to buy gold from the central banks was the outcome mainly of heavy internal demands for gold in exchange for paper currency or bank balances. There was never any question of foreign sales of dollars in the exchange market involving such enormous losses of gold as to enforce suspension of gold payments. The total of foreign-owned funds in the United States was indeed far below the amount of "free gold" in the central reserves.

The similarity with Germany's position is purely formal. The American Government has imposed restrictions, still in force, on exchange dealings, but these are no more severe than—indeed, they seem to be, modelled upon—our own regulations, which lasted from September 1931 to March 1932. They permit American purchases of exchange only for "legitimate" trade or travel purposes or for the fulfilment of contracts entered into prior to the general closure of the banks. They are not to be compared, therefore, with the elaborate control to which all German purchases of foreign exchange are subject under threat of dire penalties, and without which the reichsmark could not have been maintained at gold parity. There is in America, moreover, no obligation upon a holder or recipient of foreign currencies to surrender these to any exchange authority. In this respect again the United States restrictions differ radically from the German and correspond with our own, now abandoned. In fact, the exchange market in America may be regarded almost as a free market, the only restraint being upon speculative or capital purchases of foreign currencies by American residents. Consequently, the exchange valuation of the dollar is not in any sense "artificial", and it would appear at this distance that a resumption of free gold payments for external purposes could take place immediately without undue risk of embarrassingly heavy withdrawals. America's suspension of the gold standard is thus to be regarded as a temporary measure of security, taken on her own volition, rather than an enforced and enduring separation.

America, therefore, may at any time return to the full gold standard as understood in the modern world. Yet her standard may take a form somewhat different from that hitherto in force, for it seems possible that the freedom of withdrawal of gold for internal circulation or hoarding may never be resumed. The American monetary system may thus undergo much-needed modernization. It seems a little hard of the American Government, and scarcely calculated to restore confidence in the currency, to threaten penalties on innumerable citizens who, having within the previous two years done what they had been perfectly free to do, namely, to convert paper currency into gold or gold certificates, should fail within a short time to undo their newly-defined misdeeds. The Fathers of the Constitution, having expressly prohibited Congress from passing *ex post facto* legislation, may well have turned in their graves at this drastic measure. Nevertheless, the step accorded recognition to the fact that central banking authorities are liable at any time to serious embarrassment if the paper currency possesses

the totally unnecessary quality of convertibility into gold coin. It is to be hoped, and there is ground for believing, that American paper currency has been permanently deprived of this quality. If so, the United States will have adopted in effect a gold bullion standard, though its technical details may differ from those adopted in this country in 1925. This will be all to the good in the interests of the world's monetary peace, if we are to assume a general return to gold.

The fact that no difficulty has been experienced in preserving agreement between the exchange value of the dollar and its gold parity emphasizes the conclusion, arrived at in our last issue, that a reduction in the gold content of the dollar is not contemplated as an early item of domestic policy. A further fact bears upon this point. About the middle of March the United States Government made an offer of short-term Treasury-Certificates for public subscription, expressed in gold dollars of the present standard. The precise legal significance of this provision is difficult to judge, still more now that the circulation of gold coin has been in effect prohibited; but at least it seems to stress the improbability of early and separate devaluation, whatever may be the possibilities of such a step as part of a comprehensive international agreement.

COMPOSITION OF THE CURRENCY.

Secondly—though, to repeat, the measures so far taken must not be strained as indications of more long-standing changes—it seems possible that one result of the crisis may be long-deferred simplification of the American currency. The latest availble return of "money in circulation" is dated January 31, and we show in the table below the amounts of each kind "outside of the Treasury" and the Federal Reserve Banks and Agents. The figures thus cover all currency held by the public, including the commercial banks, together with amounts still outstanding but actually lost and the small quantities held abroad.

	$ millions.
Gold coin and bullion	479
,, certificates	591
Standard silver dollars	28
Silver certificates	350
Treasury notes of 1890	1
United States notes	287
Federal Reserve notes	2,707
,, ,, Bank notes	3
National Bank notes	836
Subsidiary coin	362
	5,644

If gold and gold certificates should prove to have been permanently withdrawn, the first step in simplification will have been taken; and it seems likely that this part of the circulation, so far as it remains outstanding and is not translated into bank deposits, may be replaced by Federal Reserve notes. There might be difficulties in the way of withdrawing silver certificates, the more convenient paper representatives of silver dollars, since the process would involve the final extinction of silver as a monetary metal except for subsidiary coins. The United States notes, a relic of the Civil War, could be replaced, so far as they are still in existence, by Federal Reserve notes, since a fixed reserve of $ 150 millions in gold is held by the Treasury against them. National Bank notes received a new lease of life when, about the middle of last year, the provisions for their issue were temporarily liberalized. The volume in circulation has in consequence increased from what was heretofore a more or less stable figure of about $ 650 millions. These notes are secured almost entirely upon Government bonds, but, in view of the concentration of gold reserves in the Treasury and the Reserve Banks with the withdrawal of gold coin and certificates, there seems no insuperable obstacle to their replacement by Reserve notes. Meanwhile, the arguments for their retention are weakened by the fact that the note issue rights of state banks were extinguished by indirect means half-a-century ago.

One other item calls for mention, namely, Federal Reserve Bank notes. These were issued in large volume during and shortly after the War, but had been almost entirely withdrawn long before the recent crisis. Thus in the table above, which is dated January 31, only $ 3 millions of these notes are shown to be outstanding. Recently, however, as one of the measures for overcoming the banking emergency, the Reserve Banks were authorized to place notes of this kind in circulation again. The security for these new notes is very broadly defined, and the amount which could conceivably be issued under the terms of the new Act while difficult to state in figures, is undoubtedly large. In point of fact, the amount so far put into circulation is reported to be almost negligible, and if the new power of issue is regarded in practice as solely applicable to the emergency, it follows tha

this purely fiduciary currency will not remain as a permanent part of the circulating medium.

POSSIBILITY OF INFLATION.

On the other hand it is not beyond possibility that Federal Reserve Bank notes, which require no gold reserve at all, might become a vehicle of inflation. If, for example, the United States Government, whose budget already shows a deficit, were to borrow heavily from the Reserve Banks and draw off new Reserve Bank notes for distribution to unemployed or relief workers, there would appear to be no technical obstacle in the way. The real obstacles would be those presented by economic conviction and public mentality. In this respect the American Government is caught in a dilemma between the advocates of inflation and the defenders of "sound money", and has necessarily to give ample weight in its deliberations to the effects on the mind of the public of the arguments and rejoinders put forward by these two schools.

It seems doubtful, at this distance, wherether either party has given due recognition to the other's view. The "sound money" party perhaps fails to appreciate the extent of the deflation, in the sense of a reduction in the volume of money, which had already taken place before the crisis, and the further succeeding shrinkage, as a result of the immobilization of bank deposits and the destruction of bank credit. A large issue of Reserve Bank notes, or indeed of any other form of currency, need do no more than make good the drastic reduction already recorded in the volume of money, and would do so at little cost to the Government and none to the Federal Reserve Banks. On the other hand, there is truth in the "sound money" argument that inflation of this particular kind, carried out in the circumstances of the United States to-day, might be difficult to check once it had got well under weigh. The arguments of both sides might perhaps be met, as a compromise, by the issue of Reserve Bank notes to such an extent only as would arrest the fall in commodity prices. In view of the possibility of such a course being pursued, it would not be safe to assume that Reserve Bank notes are purely an emergency currency. They may in fact become a permanent, or, at any rate much more than temporary part of the circulating medium, corresponding roughly to the fiduciary portion of our own Bank of England note issue.

In any event, it may be that before long notes issued by the Reserve Banks, whether technically Federal Reserve notes or Federal Reserve Bank notes—that is, notes with or without a gold backing—will become more than ever the dominant form of currency. Indeed, there seems little reason why they should not eventually hold a position equivalent to that of Bank of England notes which are the sole circulating paper currency in England and Wales. The process of substitution for other currency is further facilitated by the provisions of the Glass-Steagall Act, passed a year ago and recently renewed for a year, which broadened the basis for Reserve note issues while preserving the minimum 40 per cent gold cover. There is much to be said for simplification on its own merits. True, under the somewhat rigid Reserve note issue provisions operating until last year, the variety of paper currencies, particularly the circulation of gold certificates, imparted some supporting elements of elasticity into the currency system. The gold holding of the Federal Reserve Banks could be raised or lowered as a matter of policy by substituting notes for certificates in circulation or *vice versa*. The withdrawal of gold certificates, if it should prove final, removes this facility, but if Reserve Bank notes were to become a permanent part of the currency they would provide a somewhat similar element of elasticity.

Statistics are not available nor has the psychological position become clear enough, to examine the probabilities in respect of bank money, as opposed to currency. A number of highly important questions arise on this side of the monetary system. Will deflation or inflation be the ultimate, as opposed to the immediate, result of the partial immobilization of bank deposits; will the control of the central banking authorities over the quantity of money and the rates charged for its use be strenghtened or weakened as the outcome of the crisis; will capital investment be encouraged or deterred by the measures taken and to be adopted? These questions we shall hope to deal with in a later issue.

THE NEW CAPITAL MARKET.

By reason of the special interest shown in the progress of new capital issues we reproduce below the latest statistics, bringing the figures down to the end of March. It should be observed that our compilation,

which is based upon issue prices, excludes all borrowings by the British Government for purely financial purposes, vendors' and bonus shares, issues for conversion or redemption of securities previously held in the United Kingdom, and short-dated bills sold in anticipation of long-term borrowings.

	Month of March. £	3 months to March 31. £	Year to March 31. £
1919 ..	11,862,000	39,886,000	101,073,000
1920 ..	69,353,000	147,016,000	344,671,000
1921 ..	25,518,000	58,350,000	295,545,000
1922 ..	24,867,000	93,207,000	250,653,000
1923 ..	14,880,000	45,889,000	188,350,000
1924 ..	13,324,000	47,253,000	205,123,000
1925 ..	21,737,000	57,399,000	233,692,000
1926 ..	23,902,000	78,028,000	240,526,000
1927 ..	34,714,000	82,945,000	258,183,000
1928 ..	41,695,000	103,362,000	335,131,000
1929 ..	33,781,000	114,247,000	373,404,000
1930 ..	26,384,000	69,464,000	208,967,000
1931 ..	13,447,000	45,386,000	212,081,000
1932 ..	12,104,000	26,995,000	70,275,000
1933 ..	13,448,000	28,925,000	114,969,000

Since the capital market was reopened after the closure for War Loan conversion the monthly totals have been as follows, in millions of pounds :—1932, October $19\frac{3}{4}$; November $10\frac{3}{4}$; December $4\frac{1}{4}$; 1933, January $8\frac{1}{4}$; February $7\frac{1}{4}$; March $13\frac{1}{2}$; an aggregate of £$63\frac{3}{4}$ millions. This total is at first sight small in view of the low rates ruling for money and the apparent abundance of available funds. It must be remembered, however, that a large number of issues have been made to replace outstanding securities and of these we take no account. On the other hand, our figures include a considerable sum devoted to the repayment of short-term debts, and in this respect overstate the true addition to capital resources available for development purposes. Out of the $63\frac{3}{4}$ millions raised in the past six months no less than £$51\frac{1}{4}$ millions—an unusually high proportion—was for home purposes. Foreign issues totalled less than a million and this consisted exclusively of amounts raised, without general appeal to the investing public, by British companies operating mainly in foreign countries. Of the £11 millions devoted to British overseas countries £$7\frac{3}{4}$ millions is accounted for by the South African Government loan issued last autumn. As to qualitative distribution, £$28\frac{1}{2}$ millions out of the six months' total was raised by governments, corporations, public boards and railways, while nearly £18 millions went to the group described in our annual figures as "miscellaneous commercial, and industrial".

The recent Report on Education in India, on page 29, gives the following table showing the number of urban and rural areas in each Province in which compulsion has been introduced :—

Province.	Acts.	Areas under compulsion. Urban areas. Towns.	Areas under compulsion. Rural areas. Villages.
Madras ..	Elementary Education Act, 1920 ..	25	206
Bombay ..	Primary Education (District Municipalities) Act, 1918 .	4	..
Do.	City of Bombay Primary Education Act, 1920 ..	1	..
Do.	Primary Education Act, 1923 ..	5	150
Bengal ..	Primary Education Act, 1919 ..	1	..
United Provinces.	Primary Education Act, 1919 ..	36	..
Do.	District Boards Primary Education Act, 1926 ..	..	378
Punjab ..	Primary Education Act, 1919 ..	46	2,303
Bihar and Orissa ..	Primary Education Act, 1919 ..	1	4
Central Provinces and Berar	Primary Education Act, 1919 ..	13	*90
Assam ..	Primary Education Act, 1925 ..	..	..
Delhi ..	(Punjab Act extended to Delhi, 1925)	1	6
	Total ..	133	3,137

*Village centres, with 193 feeder villages.

NOTE.—This table does not include areas for which schemes of compulsory primary education are under consideration or have been sanctioned but not yet introduced. It includes, on the other hand, areas in which such schemes have been partially introduced.

Economic Notes.

Essay Competition for a Fellowship.

Two-thirds of the students who entered essays in this year's competition for the One Thousand Dollar Economics Fellowship offered by the Royal Bank of Canada wrote, we hear, on monetary subjects. It is noteworthy that almost all of the monetary essays appear to have advocated efforts to maintain stability of price structure as a preventive of future depressions. The subjects for this year's essays were as follows:—(1) The possibilities of a managed sterling currency as an international medium of exchange: (2) Analysis of the spread between the price of raw materials and that of finished products; (3) Contemporary Empire trade policy, with an analysis of the results of the British Empire Economic Conference; and (4) Aviation in Canada. The judges, Dr. Oscar D. Skelton, Under-Secretary of State for External Affairs, and Mr. W. C. Clark, Deputy Minister of Finance, awarded the Fellowship to W. T. Easterbrook of the University of Manitoba. All of the three leading essays were on the subject, "The possibilities of a managed sterling currency as an international medium of exchange". The winning essay is published elsewhere in this issue of this *Journal*. We are indebted in this connection to Mr. Donald M. Marvin, the indefatigable Economist to the Royal Bank of Canada, Montreal.

New Uses for Cotton.

The Cotton Textile Institute which has for some time been engaged in research as to the uses to which cotton can be put to now reports that cotton in laminated form can be used in the manufacture of bearings for machinery working at high pressure. Roll neck bearings of cotton fabric, compressed with other material such as Bakelite, are now produced in sizes ranging up to units large enough for service with shafting 12 inches in diameter. Bearings of this type are employed in machinery for rolling steel ingots. Among the advantages claimed for them are long service in heavy duty and added economy due to the fact that they can be lubricated with water. In addition to uses in machinery safety helmets for miners are now also made of laminated cotton fabric and have been quite largely introduced as miners' equipment in the middle west. Another recent innovation is the use of laminated cotton for running boards on automobiles. Cotton fabric compressed with resinous material is also shaped into pipe and fittings for conducting acids and other highly corrosive fluids. Again, laminated cotton is now used for the manufacture of shoe guides and back-pressure valves for oil well drilling equipment.

New Uses for Paper.

Systematic inquiry should be made with a view to discovering new uses for paper. In this connection an announcement was made recently by Dr. S. G. Barker, of the British Wool Industries Research Association. He said that the only successful method so far discovered to protect clothes from the ravages of the cloth moth was to pack them in sealed paper bags. The National Association of Wholesale Stationers and Paper Merchants has ceased to exist after having represented the distributing trade for 30 years. Its place has been taken by a new organization entitled the National Association of Paper Merchants, which will embrace sections of the trade excluded from the old body. The closer co-operation with the manufacturers which their new constitution provides will, it is hoped, banish all confusion and provide satisfactory machinery for dealing with the marketing problems of the industry. Some interesting items are included in the month's colonial news. Timber growing for the manufacture of wood pulp figures largely in the plans for trade exapansion in New Zealand, and a company has been formed to take over a concession on some 200 square miles of timber. Another company intending to manufacture newsprint in New Zealand for the New Zealand and Australian markets has been formed, while cigarette papers for Australia are to be manufactured by a newly registered company in Melbourne.

The Road-Rail Controversy.

The Committee of the Indian Chamber of Commerce, Calcutta, discuss in a letter to Government the Indian Railways (Amendment) Bill introduced in the Legislative Assembly in September, 1932, and forward the observations of the Committee on the same. The Committee state that they are not opposed to the principle of the Bill, *viz.*, permission to the railways to undertake any means of transport other than the railway

for the conveyance of passengers, animals or goods in any area by which access is afforded by the railway. They would, however, be sorry if the railways start motor services only to compete with private enterprise and kill the latter by engaging in a campaign of uneconomic rate-cutting on the strength of their superior resources. It is necessary therefore that the Government of India should set up some legislative machinery to prevent uneconomic competition and to subject all road vehicles to some sort of standardization on services and rates.

INSURING SCHOOL FEES.

Some of the British insurance companies have evolved a novel scheme for insuring the school fees of children whose parents know that the continuity of education depends on their own ability to live in order to provide the necessary money. This new policy is a contract effected when the child is just entering the school or while at school, and it provides that if the parent dies during the educational period the termly amounts insured will be paid by the insurance company for the remainder of the period. For example, a father whose age does not exceed 50 could take out a policy to ensure an amount of £50 per term being paid for the balance of a period of four years (covering 12 terms) if he should die at any time during that period. His premium for this insurance would be £2 10*s.* per term, payable for six terms only—namely, over half the period of the insurance. This policy has the additional benefit that in the event of a parent becoming totally disabled through any sickness or accident the company will waive the payment of the termly premiums and maintain the insurance in full force free of charge during the period of the disablement. To add to the attraction of this excellent policy income-tax relief is allowed in respect of the premiums. The scheme, it seems, has great scope in India.

RECRUITMENT OF BUSINESS LEADERS.

What is a "business leader"? He is defined by Professor F. W. Taussig and Dr. C. S. Joslyn, the authors of "American Business Leaders" (Macmillan, 18*s.* net), as "a *person occupying a position* as major executive, partner or sole owner in a business of such size as to be more than local importance in its field". The authors conducted a scientific inquiry in America by the *questionnaire* method. "Nationally known business leaders" in the United States are estimated to number about 25,000; and in this book the answers of nearly 9,000 of them to the *questionnaire* are analysed in order to discover from what classes they are recruited: how the proportionate contribution of each social class is related to its proportion in the whole population; and the relative influence of heredity and of environmental factors in causing class disparities. One of the conclusions reached destroys the log cabin to millionaire tradition. As many as 56.7 per cent of the answers showed that those replying had fathers who were themselves business chiefs. The result of the inquiry, in the opinion of the authors, is to suggest the possibility that "by the middle of the century more than two-thirds of the successful business men in the United States will be recruited from the sons of business owners and business executives." Another conclusion is that "the superior performance of college men in business seems established beyond question."

ECONOMIC LIFE OF ITALY AND RUSSIA.

In both Italy and Russia great experiments have been put in hand for the proper organization of the economic life of these two great nations. What I feel is, writes Lord Melchett, that if nations set their minds to a vast scheme of National and Imperial economic planning, they all have the courage and the ability to make a success of the job and to restore orderly prosperity out of the chaos of disaster into which slavish adherence to orthodox economic theory has led us.

JAPANESE SUGAR-CANDY IN INDIA.

The attention of the Indian Sugar Mills Association of Calcutta has been drawn to the dumping of Japanese sugar-candy in India during the last few months. The price of sugar-candy has fallen from about Rs. 15 per maund to Rs. 11 per maund during the last four months and the Japanese sugar-candy has become a serious competitor with the Indian sugar-candy directly, and Indian sugar indirectly. The committee of the association feel that the sale of Japanese sugar-candy at such a low price has been possible due to the fall in the price of the yen. The committee of the association trust that the Government of India will take steps immediately to make it impossible for the Japanese sugar-candy to invade the Indian market and impose an adequate additional import duty with immediate effect. The attention of the committee of

the association has also been drawn to a letter, dated December 14, 1932, and a telegram, dated January 11, 1933, addressed to the Calcutta Association by the Sugar-candy Association of Bombay on this subject. The committee of the association request the Government of India to take suitable action in the matter in order to save the Indian sugar and the Indian sugar-candy industry from ruin.

POPULATION AND MIGRATION.

A paper by Mr. H. Leak and Mr. T. Priday on migration to and from this country was recently read at the Royal Statistical Society. The importance of the subject needs no emphasis since the position of this country is clearly made more difficult by increse in the population at a time when already so many are unemployed, while the cessation of migration has gravely affected shipping and other interests. The author's survey was not encouraging. A comparison of pre-War and post-War migration shows that the annual average of the net outward movement of British subjects from the British Isles to places out of Europe was about 193,000 in the 10 years 1904-13 and 112,000 in the years 1921-30. In 1931, however, there was a change from net emigration to net immigration, the excess inward to this country in that year amounting to 37,000, while for 1932 the figure is estimated to be about 50,000. There will be general agrreement that the whole problem of "Settlement" should be reviewed before the Dominions are again ready to absorb immigrants in substantial numbers.

MYSORE SOAP FACTORY.

The report of the Department of Commerce and Industries, Mysore, for the year 1931-32 shows that during the period under review the total output of soaps in the Government Soap Factory was 240 tons as against 260 tons during the previous year. The sales amounted to Rs. 4,94,539 against Rs. 4,61,940 during 1930-31. In addition to soaps, the factory produced several high grade toilet preparations, such as vanishing cream, boot polish, etc. It has since been decided to take up the manufacture of tooth paste also in the factory. The preparation of certain medicinal drugs and hospital necessaries from materials available locally was undertaken in the industries laboratory attached to the soap factory and these articles are being supplied to the medical department. During the year, the factory was enlarged by the construction of additional buildings and installation of new machinery. The Turkey red oil plant which was sanctioned last year was erected and 10,045 pounds of oil were produced and marketed.

TAXATION OF CO-OPERATIVE SOCIETIES.

Hitherto the objection to taxing co-operative societies has been that the net amount obtainable was held by the Treasury not to justify the trouble in collection. Few people realize the enormous extent of the societies' activities: in 1931 the wholesale distributive trade of the English Co-operative Wholesale Society was £82,066,739, and the sales of the ratail distributive societies in the same year £207,888,385. There will apparently be one new source of revenue for Mr. Chamberlain when he frames his Budget as it is understood that the Government have decided to adopt the report of the Committee which was appointed by the Treasury to inquire into the present position of co-operative societies in relation to income-tax. The Committee recommend that co-operative societies should be charged to income-tax in respect of all trading, whether with members or non-members, the charge being computed in accordance with the ordinary provisions as to allowable expenses, wear-and-tear, etc., applicable under the Income-Tax Acts in the case of corporate bodies carrying on trade. But there is the important proviso that the "divi," as it is called throughout the report, should be treated as a trade expense so that the amount paid out in this way would not be liable to pay income-tax. The question of the "divi" will play a leading part in the discussions when the matter reaches the House of Commons. The Board of Inland Revenue estimate that on the suggested basis the co-operative societies would have paid for the year 1931-32 by reference to the trading results of 1930 about £1,000,000 more income-tax than they in fact paid, and that for 1932-33 the figure might be in the region of £1,200,000. But the Committee add the caution that any estimates of probable future yield would require to take into account the possibility of societies deciding to increase the rate of "divi" which seems to be the most likely reply on the part of the societies. The Committee in their report have dealt specially with one argument used by the traders— that the operations of the co-operative

societies are causing a gradual elimination of the small trader. The reply of the co-operative interests was that the elimination of the small trader was due as much if not more to the increasing number of multiple shops and departmental stores. The Committee agreed.

BUSINESS BUDGETS.

A London correspondent writes:—To estimate future expenditure and revenue in some rough-and-ready way must be as old as business itself, for no establishment could properly be run without forecasting. But budget control on the scientific lines is a development in the mechanism of business administration which this country has not reached. That it is tending towards it is shown by the increasing study here of American text-books on the subject. Mr. A. W. Willsmore, the author of that series of articles, has carried the idea further and supplied greater details in "Business Budgets and Budgetary Control" (Pitman, 10s. 6d. net), which provides British readers with something nearer their wishes than can be found in American works on the practical application of this form of financial control. In the clearest way Mr. Willsmore defines the object and scope of control, the factors affecting plans and policies, sales, production and expense budgets, the "master budget," administration, long-preiod forecasts, and other matters. On the whole, the technique of this control is a modification of that used in the national finances. Mr. Willsmore argues, from his own experience, that, as skill and experience are gained in the methods involved, reduced costs and lower expenses result, "reductions of 10 per cent and more being by no means uncommon".

FRANCE THIS TIME.

During the American bank holidays speculation was rife in financial circles as to the probable effects of the crisis on the few countries that yet remain on the gold standard. Holland and France naturally attracted most attention and people were not a little curious to know how France, the only other gold-greedy country, is faring. Their curiosity will be satisfied from what the Paris correspondent of the *Stock Exchange Gazette* says in his letter of February 13: "The Minister of Finance," writes the correspondent, "admits that it is becoming more and more difficult to obtain advances from the banks against treasury notes, and the treasury's deposit with the Bank of France has been reduced to eleven million francs as compared with the 3,200 millions which the bank originally advanced. The possibility of borrowing money, as a long-term proposition, is becoming daily more difficult, as interest rates are rising to such an extent that the post office is obliged to pay 5 per cent, free of all taxes, for a loan which it is now issuing, and which will certainly not be subscribed in full. The general public comments very bitterly on this situation in connection with the conversion issue on which it has lost practically two years' revenue since September last by the fall in quotations on the Bourse. There is one last resource, if confidence is not restored, and this cannot happen while the left of the Chamber is playing at socialism, and that is the same as was done during and after the war, namely, a series of new conventions with the Bank of France raising the limit of advances which, it may be remembered, reached some 27 milliards prior to stabilization. This would enable the printing presses to be set actively to work, and afford a further opportunity of repeating M. Poincare's arrangement in 1928 of re-estimating the gold reserve of the bank on the basis of a further depreciated franc, and thus wiping out the new advances. Fortunately, we have at least the Senate to stop this new folly. *Aux Ecoutes de la Finance* openly states that the Ministry is trying to find a soft spot on which M. Daladier may fall so as to save his reputation as far as possible."

EXCHANGE QUESTION.

Writing again on February 20 the correspondent states:—"One peculiar feature of the present situation, particularly in respect to the exchange question, is that the French are beginning to realize the absurdity of the franc and dollar being kept on a gold exchange basis when the internal financial situations of both countries are in such a deplorable state. People are starting to find it deplorably humorous that the only two countries with huge gold reserves are likely to continue throwing them at one another in vain efforts to bolster up their currency, and it rather reminds one of a couple of men, surrounded by the rising tide, who, standing on piles of rocks, alternately pick up another stone which they throw to the other in an endeavour to prevent the other survivor from being swept away.

Current Comment.

By "Scrutator".

Apropos of the great fast undertaken by Mahatma Gándhi, it is of some interest to recall how fasting has been recognized in England in the past. I have just seen a Proclamation dated 8th June 1661-2 which is headed "For a General Fast throughout the Realm of England". "This fast was decreed in consequence," we are told, "of the present unseasonableness of the Weather whereupon it may be justly feared. Scarcity and Famine, Sickness and Diseases will ensue." Another, and one of greater interest, is the Proclamation dated 25th October 1678, "For a General Fast". Information of a plot against the life of the King having been received, a fast day is decreed, and a form of service published, to ask protection of the Almighty from all conspiracies. On 29th January 1660-1 and 25th January 1663-4. Proclamations were issued "for Restraint of Killing, Dressing, and Eating of Flesh in Lent, or on Fish-days, appointed by the Law to be observed". Such governmental enforcement of fasts is unknown to India, though fasting as such for social and religious purposes are undertaken by both the Hindu and Muslim communities. But the Proclamations of 1661-2 and 1678 show that in Britain fasting was reckoned a remedy against the spread of disease or scarcity as much as against conspiracies against the King. In India, Mahatma Gandhi has made fasts subserve national ends. The governments of Britain and India, with the history of British governmental ordered fasts before them, can perhaps be expected to appreciate better the Mahatma's view in regard to fasts.

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The Debates on the White Paper—both in the Commons and in the Lords—do not help us to feel that a change in the White Paper towards the true goal is at all possible. If Responsibility is to have a real place in the Constitution the safeguards have to be watered down. If safeguards are to remain, the Responsibility is nowhere. To say that the safeguards will prove innocuous in the actual working, if the working proves smooth is to ignore the point about the safeguards. The thing that is objected to is the need for such safeguards and to ask Indians to ignore them is to ask them virtually to ignore their human feelings. The speeches in the Lords did not elucidate the position in this connection to any extent. Lord Sankey proved a failure; while Lord Irwin lost a singularly good opportunity. The only person who spoke on this particular point was Lord Zetland, who, remarkable to note, stood out for Responsibility and tried to impress that the safeguards would break down in their exercise by the Governor-General. The Legislature would, he suggested, prove too strong and the breakdown would be complete. But it was dangerous ground for the Noble Marquis and he did not enlarge on the topic, which is to be regretted. In India, the position taken is one of absolute unity among all political classes- Responsibility as enjoyed by any other Dominion. That is the truest test of the goodwill of Britain towards India. If that test fails, India will continue discontented.

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If Simla news, or what passes for such is true, people over there seem to suggest that they would be glad to see the Mahatma survive his attempt at suicide. Whether this is said in joke or in earnest one does not see the justification for such a description. It seems a pity that there should be any levity in a matter of this kind, especially where the Mahatma is concerned. Very different is the view taken by Romain Rolland, perhaps the greatest humanist left to-day in Europe. A more touching or a more affectionate letter cannot be conceived of. He sums up the wider meaning of the fast as a protest against "the most atrocious violence" of to-day, when the world seems to be on the brink of another—and more devastating—War. The sacrifice effected by the Mahatma, he says, "acquires a universal and sacred value like the Cross". He too prays that the sacrifice may be spared by the all-merciful Almighty. But be understands the feeling beneath it: a protest against violence, against greed, against oppression, against everything that smacks of evil among indivduals, classes and nations. If the Cross did not save the world, it at least showed the world the way to save itself. Likewise, the great sacrifice offered by the Mahatma may yet point the way to warring nations as to communities a peaceful way out.

* * *

The statement of the Mahatma on his release and the suspension of the Civil Disobedience Movement has created a flutter in the

Government dovecots. This seems rather unnatural, but the fact appears to be that the Government do not like, just at this moment, the disappearance, even temporarily, of the movement. They appear to protest but the protest has failed to convince those who have so far taken the government at their word. If the movement is called off, why not agree to settle down? But is settling down opportune just now? The Congress critics, apart from the government, now see that Mahatma Gandhi has put the government in the wrong and they feel that he should not go further and call off one whit more the Movement. Why so, you might well ask. They fear that the Mahatma has been moved by the impulse of surrender. That is mis-judgment pure and simple. He is not so much for the withdrawal of repression by government as for demonstrating the fact that government are not in earnest in their desire. Else why should government stress the theoretical part of the statement and leave out the practical side of it? The reason is plain! They find the Mahatma has proved a true political strategist and a greater diplomat than themselves. It was not for nothing that Mr. Lloyd George called him a great politician and an astute politician—though he is innocent of the morals of a modern politician.

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To suggest that the Mahatma broke the terms of his letter in issuing his statement is to insinuate by way of innuendo that he has not proved true to himself. His whole personal history is against such a silly suggestion. He was under no engagement not to state what he thought right in the public interests on his release. His release was on no terms. It was more than unconditional. The very explanation of the government answer shows the laboured character of the defence they seek to set up. They were caught napping, as they say. But it was really something more. The Mahatma proved that he could be both true to himself, to the government and to the people at large.

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It is to be sincerely hoped that there is no truth in the statement that the praise bestowed on the Mahatma by General Smuts is not viewed with favour in certain political circles. If this be true, it only shows how little the Mahatma is understood even by those who are in daily contact with him in his own native land. He is not only a great South African as Smuts put it the other day, but also a great humanitarian. Not only a great humanitarian but a great seer who is born to do good to humanity at large. To despise one like him is to count the ill-will of posterity for ages to come. What impressed General Smuts most about the Mahatma was his purity—in thought, word and deed. After all is said and done, one great man measures another by the motives governing him in his actions. And in the Mahatma's case they have been the purest imaginable from first to last. He has really shown the way to humanity—the debased humanity of to-day the world over.

The facts of the economic problem with which the world is confronted are very concisely summarized in the annual report of Messrs. Premchand Roychand & Sons. In the previous report it was stated that 1931 would "long be remembered as one of the blackest in the world's economic history." Of 1932 the report states that it witnessed an intensification of the adverse factors "and has gone far to imperil faith in the possibility, or rather probability, of a general recovery, at any rate in the near future." Attention is drawn to the raising and extending of tariffs, quotas, and exchange restrictions, the effect of which has been to reduce trade to a fraction of its former dimensions. It is pointed out that each Government has been able to convince its own nationals of the imperative need for these restrictions, while the net result has been a restriction of economic activity "universally prejudicial and involving a policy which, if pursued to its logical conclusion, can only end in universal bankruptcy." The root of the existing trouble, it is emphasized, is a defect in methods of distribution as expressed in purchasing power. The world is looking to the Economic Conference to redress the trade position by bringing about a removal of the restrictions which at present hamper all enterprise, but it is very obvious that there must be a pronounced change in the present international outlook if the hopes imposed in the Conference are to mature.

Topics in the Journals.

Co-operative Credit for Small Traders.

In the article which a writer in the *Times Trade Supplement* contributed to the Constructive Economic Section he pointed out the difficulties which the small trader experiences in securing financial assistance and suggested that they might be overcome by the establishment of mutual credit associations. In a short contribution it was not possible to give full particulars of such a scheme, and in a later article he took occasion to consider how the new mutual credit association would operate.

Fortunately we have good experience to draw upon. The modern building society provides an excellent groundwork for organizing a credit association. A small trader can borrow from a building society on the security of his house. The credit association would loan or supply credit on every possible form of security, except the house, and would also charge a higher rate of interest than a building society, which charges 5½ per cent. In view of the higher risks taken by the credit association, an initial rate of 10 per cent would be advisable, and the assoication would thus be enabled to build up a reserve. As and when experience provided figures for working out a fair average the loan rate could be adjusted accordingly.

SHARES AND LOANS.

Thus, if a small trader wished to borrow £100 at a rate of, say, 10 per cent., with monthly repayments of capital and interest over a period of five years, the credit association would agree to the proposal providing suitable security were forthcoming. He would be asked to become a member of the association and take a minimum of five two-shilling shares. For advances over £100 the member would be called upon to take up additional shares. But possible burrowers should be encouraged to enrol from the establishment of the association, as this would enable a loan committee to gather some details about the borrower. For instance, the fact that the borrower had paid steadily and regularly into the association for two years would be an indication of his thrift and stability. Loans might be secured by personal guarantors, by assignments of book debts, or, in cases where the credit of the trader would not be affected, by the bill of sale.

A bill of sale given to a mutual credit association in course of time would not be regarded as anything more unpleasant than a debenture issue given to a bank to-day. We think in unpleasant terms about a bill of sale because it is a form of charge often taken by money-lenders and indicates that the borrower is possibly paying a rate of interest which may eventually ruin him. But once it is known that the bill of sale is held by the mutual credit association a different atmosphere would be created.

It is essential that the association should hold every possible form of security as a preventive measure. Failure to take these precautions might drive the borrower to pledge his assets with money-lenders at a critical moment when the association was pressing for payment of an instalment.

Loans against promissory notes for short periods might be granted to small traders and privately to professional members in permanent or constant employment. A professional department could indeed be usefully added to the association.

GROUPING SYSTEM.

Associations could operate in areas or, alternatively, in trading groups. Thus an association might cover a town and embrace all the borrowers in that area. On the Continent these societies operate in this way, but the charecteristics of the English people make this method unlikely to succeed here, for Englishmen have a strong dislike to divulging their financial affairs to their neighbours. A local would be borrower would resent a committee of local residents holding an inquest over his application for a loan.

The alternative course would be more likely to succeed in this country—namely, to organize associations according to industries or occupation. Thus garage proprietors or private hotel proprietors might have their own credit associations.

It would be necessary to lay down hard-and-fast rules for operating these associations, especially with reagrd to overhead charges, and it is doubtful if an association would pay its way in its first year of life. Much would depend upon how overhead charges were kept down. Here again the origin and growth of building societies provide valuable experience. When £10,000 has been advanced at 10 per cent the revenue will be £1,000 per annum, of which £400 goes to pay interest on capital, leaving £600 for management expenses and for building up a reserve against bad debts.

The secretarial and accounting duties might be undertaken by successful chartered accountants at their offices at moderate charges in view of the fact that in the early stages directors would be compelled to give their services. It would not, in my opinion be possible to remunerate directors until the advances of an association had arrived at a figure of £20,000. Finally, it is obvious that no directors or officials connected with the undertaking should be entitled to an advance.

American Banking Problems.

The banking troubles in the United States have been followed in financial circles in London with sympathetic interest, says a writer in the *Times*. They have once again drawn attention to some of the weaknesses inherent in a system of "unit" banking though it is generally admitted that any banking system would be subjected to great strain if confidence in banks had been shaken to the degree that has apparently taken place in the United States. It may be of interest briefly to recall that statistics issued before the bank failures of the last two years had occurred showed that the banking institutions in that country were 26,213 in number, consisting mainly of 15,078 state banks, 7,691 national banks, and 1,633 loan and trust companies. Since then between 5,000 and 6,000 banks have failed. It

is wrong to assume that branch banking is unknown in the states. The state banks, which operate under state laws, are permitted in 21 states to establish branches, while national banks, which are governed by Federal laws, can establish branches in the same town as their head office is situated for the receipt of deposits and payment of cheques and similar routine business. In 1928 the total number of banks possessing branches was 835, the branches numbering 3,230.

NATIONAL AND STATE INSTITUTIONS.

The national bank system when introduced was itself an effort to provide more stable banks while adhering to the "unit" method of banking for which, especially in the earlier years of development in the states, the great size of the country provided some strong arguments. The creation of the Federal Reserve System in 1914 was a further attempt to assure greater stability in American banking and to give a wider measure of control over the thousands of banks scattered up and down the country. All national banks had to join the Federal Reserve System and state banks were allowed to join it subject to the regulations imposed by the Federal Reserve Board. In 1929,1,168 state banks were members of the system. It should be added that attempts to overcome the obstacles to branch banking have taken the form of interlocking directorships and chains of banks controlled by holding companies. But in spite of the attempts to develop branch banking within the scope provided by the regulations and by means of the other devices mentioned, the great mass of banks in the United States consist of small and frequently insignificant institutions which are dependent for prosperity upon that of the farming or ranching interests in the district.

Some of the banks in the towns of medium size are larger and may be said to form a second category of banks in point of size, while a third category consists of the very large banks in the greatest cities, but principally in New York. This last group of banks includes some of the largest banks in the world; they have withstood the effects of the world crisis and of the unprecedented fall in commodity and security values with much success, and dispose of large liquid resources. The origin of the trouble in the United States banking world lies in the inability of the masses of small banks to withstand the effects of the depression and the spread of the nervousness, which the growing difficulties of the smaller banks have created among bank depositors.

NERVOUS DEPOSITORS.

The business conducted by numbers of these small banks is hardly comparable with banking as generally conducted by banks in England, and it is worth recalling that the existence of this weak element in the American banking system has long been recognized by many eminent American bankers. This is not the first wave of distrust that has swept over bank depositors in the United States since the depression started in 1929 with the sensational collapse in Wall Street. Failures were far above the average in 1930 and in the spring of 1932 many hundreds of bank failures occurred, but by the autumn the situation had improved. No radical change for the better, however, was possible in the position of large numbers of the smaller banks, for in the absence of a material rise in the prices of primary commodities a large proportion of their assets remained completely frozen. While the fortunes of a bank in a small township must of necessity fluctuate with those of the community it serves, there appear to be grounds for believing that immediate causes of the troubles of so many of these banks have been advances on land mortgages made on the basis of land values of several years ago. Widespread default on such loans is taking place and foreclosure is in many instances proving fruitless. The experience of many of these American banks is providing another example of the wisdom of the banking axiom that long-term mortgages on farm lands are not a sound medium of investment for them.

METHODS OF SOLUTION.

It has not been possible, even with the assistance of the Reconstruction Finance Corporation, to restore confidence in the many hundreds of banks in the United States which have locked up their assets in one way or another and are, therefore, in no condition to meet a steady drain upon their deposits, and still less a run. The expedient of imposing restrictions on the withdrawal of bank deposit will have several results. Where it has actually been imposed it will presumably enable arrangements to be made to take over frozen bank assets by the Reconstruction Finance Corporation, though at the expense of great inconvenience and discomfort to the industrial community. Where it has not been put into force fears of its imposition may tend to check runs on the ground that runs on a particular bank might cause restrictions to be imposed on withdrawals from all banks in the district. How far these steps will restore confidence and check hoarding remains to be seen. There is little doubt that when normality is restored measures will be proposed whereby the American banking structure may be strengthened. Even a limited branch banking system would be helpful, for it should remove the possibility of the disturbance to confidence resulting from the failure of hundreds of small banks while it should also contribute to raising the general calibre of United States bankers.

Co-operative Credit for Small Traders.

The man with a small business which he wishes to develop is to-day finding it increasingly difficult to get financial assistance. The bank is inclined to frown upon his request for an overdraft however attractive the appearance of his balance-sheet may be, for the amount required is usually too small for the bank to consider seriously. Even if a temporary advance is obtained, says Mr. Roy Hopkins in the *Times Trade Supplement*, from the bank it must be repaid within a period of one year, for it is not the custom of a bank to lock up its capital in giving long-term loans, and indeed it would not be advisable to permit banks to use their funds in this way.

For the small trader it is not a sound proposition to borrow and undertake to repay capital together with interest in 12 months, as the money is sunk in stock or in other directions, and prospects are not usually such as to enable him to clear off his obligations in such a comparatively short period of time.

It is perhaps a strange commentary on modern commercial organization that a man with a large business can borrow £1,000,000 more easily than £1,000, and incidentally *pro rata* cheaper: he can obtain a million from his bank or, alternatively, appeal to the public for support by a debenture or share flotation. The man with a small business, however, is severely handicapped, and each year thousands of small concerns are pushed to the wall through lack of finance.

IN BYGONE DAYS.

In former days, when banking was not so highly centralized and there were private banks with working partners in most commercial centres, the position was not so bad for the small trader. Then the banker would often take into account the personal character of the would-be borrower, whose progress he may have watched over; indeed he might know the details of the particular business from personal experience. But those were the conditions of yesterday. To-day the organization of industry on a larger scale has created fresh conditions which seriously interfere with the progressive development of the small trader's business.

Possibly a way out of the difficulty may be found in establishing a new type of co-operative credit association. It is not unreasonable to assume that what has been done with building societies could be done with a form of co-operative credit association. Banks are not anxious to grant long-term credits in small sums to small traders, but I think that they might be persuaded to advance to co-operative credit associations substantial sums, providing personal guarantees for repayment were obtained from responsible people.

A bank would probably suggest that it would advance under collective guarantee a pound for every pound of capital subscribed by the credit association, after it had been running for two years, thus placing upon the association the responsibility of getting itself in working order.

The organization of the association would entail considerable sacrifice of time, and traders would have to be prepared to shoulder responsibility. No bank can be expected to be eager to make an advance without protecting its interests in every possible way, and if it found that the organizers lacked enthusiasm for the scheme, or wished to pass responsibility on to the bank, failure would inevitably follow.

LIMITING CONDITIONS.

Finally, a credit association must be conceived in times of prosperity, or at least by traders who are not on the border-line of bankruptcy. The collective guarantee must be signed by men of good standing. The main trouble is that in prosperous time small traders will not visualize the future.

If a group of small traders formed a credit association and subscribed weekly for share capital, at the end of two years they would have a substantial pool of capital from which any member could borrow, and once the machine had begun to work the bank could be tapped for assistance. It does not require much imagination to conjure up a picture of credit associations spread throughout the country not unlike the building societies of to-day, but it requires responsible organizers—earnest men—to carry out the scheme.

Loan and National Development.

Mr. Keynes has once more sprung dramatically on to the public platform, with a proposal startling enough to keep him there for many weeks. Discarding with a flourish "orthodox" finance and challenging criticism from any quarter, he claims that unemployment and taxation alike can be reduced to manageable proportions by a bold scheme of national development financed out of loans. Whatever their merits, his proposals are certainly stimulating. He has set the Cambridge cats among the Treasury chickens, and fur and feathers are already flying, says a London contemporary.

The imminence of the Budget makes his ideas of first-class topical importance and as they are the outcome of long and careful consideration and are backed by a wide body of expert opinion, they deserve careful examination.

Begin with the Budget position: Estimates and accounts so far published indicate an almost certain increase in expenditure next year. Service improvements, held up in the emergency of last year, now become imperative, and the Navy alone demands an additional £3,000,000. The Chancellor is faced with the grim alternative of presenting an unbalanced Budget or proposing increased taxation.

So at least is the situation as it appears to the "orthodox". Mr. Keynes refuses to recognize the existence of either alternative. He admits the increased expenditure, but denies the necessity and even the wisdom of imposing it all on the shoulders of the tax-payer. There is, he says, expenditure and expenditure. Money spent on, say, salaries to Civil Servants, is not the same as money spent on, say, building 10,000 new houses. Just as a business divides its capital from its current expenditure, so the State, now the greatest business in the country, should differentiate between payments for day-to-day service and investments in public improvements which constitute assets to the nation.

This is not a new view. It was advocated powerfully in the Liberal Yellow Book some years ago and backed then by leading economists and business men. It was in fact the policy, though perhaps unrecognized, of the Governments prior to 1931. The Labour Government financed development schemes out of loans; their fault was that they financed the dole by the same means and brought the principle of loan expenditure into disrepute. When Mr. Snowden introduced his Emergency Budget the state of foreign opinion demanded an end to further borrowing, and the sound principle of development loans was abandoned also in the scramble to regain world's credit.

Mr. Keynes does not criticize Lord Snowden; he does not chastise Mr. Chamberlain. Free Traders will marvel that he even condones the application of tariffs eighteen months ago to safeguard our position. But he holds now that conditions have changed radically since 1931, that the worst features of the emergency are past, and that the halting, half-hearted development schemes of the Labour Government should now be revived, remodelled and driven through with organized energy.

Why? Not only to give work to workless men: not only to save on the dole; but, paradoxical as it may seem to the "orthodox," to bring more revenue to the Exchequer!

His thesis is simple. Prices are falling, incomes contracting, trade and business diminishing; taxation is rising and unemployment remains obstinately at nearly 3,000,000. Something must be done quick. No

use increasing the rate of taxation; it merely reduces the yield. Equally no use making further cuts; they equally reduce the income to the Exchequer. The Budget can only be balanced by increasing the *area* of its revenue, that is to say, by enabling a larger number of citizens to contribute which means *increasing the purchasing power of the whole people.* That can only come by providing more work. Private persons or firms will not at such a time embark on a policy of expansion. Therefore the State should do it.

How? Expenditure on capital account should be separated from other expenditure and financed not out of annual revenue but out of development loans. By this means the Budget would immediately be relieved of many millions, and a reduction in income-tax made possible—for the inestimable benefit of trade. And probably also for the benefit (in higher taxation yield) of the Exchequer.

Reconstruction schemes, such as slum clearance and new housing (100,000 new houses are mentioned), and presumably road development, drainage, land reclamation and the other projects with which Mr. Keynes was associated at the time of Mr. Lloyd George's 1929 campaign should be prepared with all speed and carried through on a national basis.

In this way expenditure on the dole (which would continue to be finance out of (revenue) would be reduced, the basis of national income broadened and *the return of income-tax considerably increased.* Mr. Keynes estimates that no less than 50 per cent of capital expenditure on such work would be returned to the Exchequer in the form of annual revenue. "It is a complete mistake," he tells us, "to believe that there is a dilemma between schemes for increasing employment and schemes for balancing the Budget ....Quite the contrary. There is no possibility of balancing the Budget except by increasing the national income, which is much the same thing as increasing income."

Mr. Keynes realizes the criticism that loan expenditure in the time of the Labour Government did not Prevent an increase of employment. "But at that time," he says, "it was offsetting incompletely an even more rapid deterioration in our foreign balance ...Recently we have had no visible benefit from the improvement in our foreign balance, because it has been offset by the reduction in our loan-expenditure. To-day, for the first time, it is open to us, if we choose, to have both factors favourable at once." And, as a final challenge, "If these conclusions cannot be refuted, is it not advisable to act upon them? The contrary policy of endeavouring to balance the Budget by impositions, restrictions and precautions will surely fail, because it must have the effect of diminishing the national spending power, and hence the national income."

From Our Readers.

To

THE EDITOR,

Mysore Economic Journal,

BANGALORE.

Sir Mark Cubbon.

SIR,

My attention has been drawn to the review of my book on "Sir Mark Cubbon" in the May number of your *Journal*. As there are serious errors of judgment and historical knowledge, I hasten to correct them through your columns, which I hope I shall have by your favour.

An introduction (by its very name) should come first. Any one who attempts to introduce Sir Mark Cubbon as Commissioner of Mysore must feel the responsibility of his task while the matter contained in it is still controversial. For a student of history it is fatal to take sides until a final decision is arrived at on any topic.

My essay is in the field of History and not of Economics. Please permit me to say that your including my book in the "Recent Economic Publications" series *is perhaps due to a misconception*, and may account for your reviewer asking me to "indicate and discuss the *per capita* and the *incidence* of taxation on the various classes of people."

I have intentionally ignored Cubbon's views on political subjects as being irrelevant to my thesis on his administration.

My index should be read with the table of contents, and does not pretend to be exhaustive. Can it be so even if it does?

The testimony of the *Vrittanta Bodhini* has been omitted as there was nothing peculiar in it. It was practically a journal of the Maharaja, and could not publish any opinion independently.

My observations on Purnayya's and the Maharaja's personal administrations help to throw Cubbon's work into relief in the light of the old Subsidiary Treaty. They are well-founded too, if a reference is made to earlier pages of the book. The date of the Raja's English School has to be determined with the help of all the available evidences rather than with only one of them. I believe still that my information is correct. But I keep an open mind upon the subject.

I admit the error in the date of Cubbon's birth. It is due to my Manx friends who supplied the portrait directly to the printer. I shall correct this in the next edition. Regarding the interpretation of the four oriental words mentioned in the review, there can be no finality about their several origins although their meaning should be quite clear. I certainly admit the meaning attached to the fourth word, *Chinna*. (This is the sole benefit I have derived from the review.)

In conclusion, I wish to say that your reviewer's authorities should be more numerous and acceptable. Otherwise, his observations will be more journalistic than academic.

K. N. VENKATASUBBA SASTRI.

1118, CHAMARAJAPURAM,
Mysore, 22nd May 1933.

Reply by Reviewer.

SIR,

In view of the fact that neither the "serious errors of judgment" nor of "historical fact" in my review have been actually mentioned by Dr. Venkata Subba Sastri, I need not say more in regard to his letter than to suggest that an asseveration of previously advanced views cannot be deemed a reply to the criticisms so pointedly put forth in my review. Dr. Sastri should know that the administration of a province has to do mainly with the well-being of its people and if his essay was treated on that footing, it should prove an advantage to him rather than become a

matter for complaint. Again, is "adminstration" to be divorced from "political" policy and is an essay to be founded on a partial study of the facts pertaining to an administration which is as much "political" as "adminsitrative"? The veriest tyro in essay writing knows that a full picture of an administration is what is desired and if that cannot be got by a writer, he had better drop his subject than furnish a truncated one of no value and unworthy of credit. After what has been pointed out by me, Dr. Sastri would have done well to produce his proofs to show that his accounts of Purnaiya's or H. H. the Maharaja's administration are either historical or even, to say the least of it, just to them or to known facts. "Putting things into relief" ought to be the criterion of a historical writer, where the objective to be aimed at is a true historical picture. A writer of history should, I presume, narrate the story from facts and not add to the latter. I maintain Dr. Sastri was wholly wrong in his presentation of the great historic characters he has touched upon and that the sooner he gracefully withdraws his unfounded characterizations, based on material which cannot stand the test of historical proof, the better for him. It is something he admits—after all that he has said—an error or two; but even here his qualifications spoil the effect of his admissions. There may be no finality in regard to personal views based on well-founded facts but there must be some finality to known and established meanings of what are mere technical terms. I am not vain enough to think that I can teach Dr. Sastri these elementary things but certainly it is so courteous of him to say almost in the last sentence of his letter that he has derived some "benefit" from my critique. He will derive a greater deal of benefit, if he will more calmly re-read the latter and ponder its basic facts.

As regards the date of H. H. the Maharaja's School, Dr. Sastri may "believe" whatever he likes but the fact is as I have mentioned it.

I should add one more word before I conclude. Authorities need neither be numerically "more" nor "acceptable" to writers of a particular type, whose sole criterion of judgment in matters historic seems to be based on what are called "likes and dislikes" and what might be convenient for *suppressio veri* and *suggestio falsi*. Is it quality or quantity that settles the credility of a witness? Woe unto history when this habit of stressing "quantity" for "quality" gets more into vogue here or elsewhere. But luckily there is precious little chance of it. Dr. Sastri would perhaps readily deny the historian's role to Professor Morse Stephens who, by his writings, revolutionized the study of the French Revolution and Professor Goldwin Smith, the Prince of Modern historians, whose viewpoint gave a new setting to American history. *Verbum sat sapienti.*

MALLESWARAM, N. S. R.
Bangalore City, 23-5-1933. *(Your Reviewer.)*

Books in Brief
Short Reviews of Recent Books

Political India.

Edited by Sir John Canning, K.C.I.E., C.S.I. Oxford University Press, B. I. Building, Nicol Road, Bombay. Price 3s. 6d.

The object of this book is to give some account of the facts relating to the evolution of political ideas in India. Among the contributors to it are Lord Irwin, Professor H. H. Dodwell, Mr. Rushbrook Williams, Mr. J. A. Jones, C.I.E. (formerly Editor, *Statesman*), Sir Theodore Morison, Sir Hugh McPherson, Sir Patrick Fagon, Mr. J. C. Molony, Sir Hubert Carr, Sir Campbell Rhodes, Mrs. R. M. Gray, Professor I. Coalman, Sir Evan Cotton, Mr. F. G. Pratt, C.S.I., Mr. J. Campbell Ker, Sir Darcy Lindsay, Sir Robert Holland, Mr. F. H. Brown and the Marquess of Zetland. This list of writers shows the value to be attached to the book. It is sufficient to say that it is written by people who have had first-hand knowledge of India and Indians. To say that is not to say that they are always right either in their viewpoints or their estimates of men and things. Necessarily, the writers being almost entirely either Anglo-Indian administrators, publicists or merchants, their views cannot pass muster with Indians. The crux of the Indian political position, as more than once pointed out in this book, is the minorities' problem. But can the minorities of any country be allowed to eat up the majority? A balance of political power may be necessary for securing a stable government but any attempt at disabling the majority by artificial means is bound to end in disaster. To say that India is a land of religions, races and countries; that it is vast; and that it is impossible for it to unite or declare itself a nation is to deny its actual one-ness. No country in the world can be paralleled with India to show how successful Indians have been in annihilating differences in races, distances between provinces and dissimilarities in religion. There is an essential one-ness running through the length and breadth of India and that is due to the spread of culture begotten of a tolerant religion which has humanized the millions of this land through the ages. He who does not grasp this almost elementary truth can have no idea of what is required by India or Indians to-day or to-morrow. It is this lack of knowledge on the one hand and it is the lack of intellectual sympathy on the other that marks the observations of several of the contributors to this volume that mars its usefulness.

Lord Irwin denies a "political life" in India before "the past few decades". Prof. Dodwell repeats it by saying that political activity emerged in this country only in the "third quarter of the last century". But when did "political life" in the form suggested by these writers originate in most of the countries in Europe? How is it they have become "Nations" and India is still a Dependency. The foreign outlook of the contributors to this volume

is writ large in its content. Even Sir Evan Cotton, the one time Editor of *India*, the organ of the Indian National Congress in London, figures in this book in a different role. Why is this so ? Has he succumbed to his environment ? It is something that Sir Surendranath Banerjea is to-day described as a "Centre Man"—the old description of him was as an Extremist. So we live to learn. It is remarkable that the Congress should be described after the confessions of the last six years by a succession of high administrators, that it is a "party machine". It might suit persons and parties to describe it so, but the essence of the position is that it still represents the Indian nation as no party described as such can claim to. It is the nation: it is the country and it is the voice of India. If Mr. Dodwell and his coadjutors are correct then the position would be easy for the Government in India. Is that so ? The fact is that the Chauvanist blinks the real position and believes comfortably that he alone is correct and that the world can be deceived by glosses and descriptions seemingly philosophical and historical but in actual fact wholly fallacious, if not absolutely false. The only point that writers of this type should try to answer is this famous question of Mill: How long can you contrive to keep the people of India as a human Warren ? Can the domination of one nation over another succeed ? Can the British, without detriment to themselves and their political and moral well-being, continue to treat the Indians for any further length of time as a subject nation ? And if so, at what cost to themselves and to the cause of civilization ? Honest answers to questions of this type are what are required and not essays that falsify the fundamental facts of the Indian situation. They may do good as propaganda in America but they will not bake bread in India or generally in the East.

But these essays have, however, this value that they help to make Indians understand the British mind—the mind of those who at one time had to do with India and who to-day would like to continue conditions in this country as they were when they left it. An analysis of this type of mind has been long necessary and we have it in a fair measure here. The true difficulty that Mahatma Gandhi felt in understanding Mr. McDonald's speech at the end of the Second Round Table Conference was undoubtedly due to the fact that the diplomacy underlying politics in Britain is too deep even for a Gandhi. Hence it is he said he would search for the hidden meaning underlying the Premier's speech. And the self-same diplomacy has prevented him from doing so—he being clapped into prison on his arrival in India. That is, however, another story, though it is part of the larger one disclosed in this volume. A volume too which deserves reading by the Indian publicist from the double point of view of critic and politician.

Memories of My Life and Times.

By Bipin Chandra Pal.—Modern Book Agency, 10, Cornwallis Square, Calcutta. Price Rs. 5; 10s. (Foreign).

This is a volume of supreme interest to those who would like to know at first hand the life that is pulsating in India. Mr. Bipin Chandra Pal was known as a religious and political reformer. He suffered for what he held to be dear to himself and—according to his lights—to his country. A biography being also social history in one sense, the value to be attached to this volume, in tracing the recent happenings in India, has an unique interest. Mr. Pal was a great fighter and beginning as an individualist, he passed through the stages of Nationalist, Independent and Constitutionalist. The life of such a man has an obvious interest to all interested in the present and the future of this country. Those who believe in India and those who would keep it, as Mill put it once, as a "human warren", have alike here an opportunity to know the why and the wherefore of the struggle that is now on in this historic land. We do not propose to retail the contents of this volume, for it is one that should be read through and through. Next to Sir Surendranath Banerjea's autobiography, there is no other book dealing with modern India as a whole than this one by Mr. Pal, especially in the spirt, of an intense patriot. The early life of Mr. Pal, his school days, his domestic life, his religious environments and education, the conditions under which nationalism rose in this country, the new stage and national songs, the Brahma Samaj and how Mr. Pal joined it, national education, Lord Ripon and the new political awakening, Hindu religious revival and social reaction—are all to be read in this volume. Mr. Pal is no insipid writer. He keeps the thread of the narrative through by reflecting on the times in which the main events of his life were cast. He lives through the period—some seventy years—once again and his volume is full of graphic pictures which the reader will miss if he merely skips through it. Thus village life in his school days, administration and officialdom sixty years ago, student life in Calcutta, Madras fifty years ago and many other topics of interest are passed in review in a manner at once critical and impressive. We feel less the mere man Pal in these chapters; we see in it how he came to be in the positions described and how the positions moved from time to time and under what stress. There is here the real quality of the writer and speaker—the observant writer and the more observant speaker—that Mr. Pal was. What is the lesson of his life to us all ? That is a question that each reader must answer for himself. But one word may perhaps be hazarded to show its value, if only to illustrate *the value of an agitator's life in the evolution* of a nation, a dependent nation like India. And it is this: Action, action, action—and that without the desire to profit oneself from it. That is both religion and politics. Self-abnegation is the law of life, said Huxley and that is true in the life of a nation as much as in that of an individual. A book of topical interest of great value, worthy of a wide circulation.

The Heart of Hindusthan.

By Sir Radhakrishnan. Published by Messrs. Natesan & Co., Madras. Price Re. one.

That a second edition of this stimulating book should have been called for so soon after the first shows the immense popularity it is enjoying in this country. Moderately priced as it is, it ought to find even a greater circulation for itself. What makes for its popularity is its eminently readable character. The topics are of high moment and of a class too that call for treatment on lines of broad appeal. That is exactly where Sir Radhakrishnan heavily scores as a writer and a speaker. In a previous review, we wrote at length of the subjects dealt with in this volume. This time we will content ourselves by inviting special attention to the second paper in this volume which treats of the "Hindu Dharma," which ought to prove most valuable to-day.

Hastings Bi-Centenary.

By Miss Veera Ward. Royal Empire Society, London, W.1. Price 6*d*.

A select list of printed publications relating to Warren Hastings compiled for the Royal Empire Society and the East India Association in celebration of the bi-centenary of the birth of Warren Hastings, prepared by Miss Veera Ward of the Library Staff of the Royal Empire Society is a welcome addition to Hastings literature. It is very well got up and is a perfect model of what a pamphlet like that ought to be. The list is thus arranged: 1. Biography, (*a*) biographies of Hastings and (*b*) other biograhpies; 2. History; 3. Miscellaneous; 4. Sources: (*a*) Official publications and (*b*) contemporary writings; and 5. Portraits. We have nothing but praise for this little brochure.

Purdah.

By F. Hauswith (Mrs. Sarangadhar Das). Messrs. Kegan Paul, Trench, Trubner & Co., Ltd., Broadway House, 68-74, Carter Lane, London, E.C., 10*s*. 6*d*.

This is an interesting volume by a Swiss lady who had married an Indian. It is intended to get "behind the veil in India". It treats primarily of Indian women and it is undoubtedly a serious attempt to understand their position in the social life of the country. A great flaw in it is the rather unfortunate mistake the authoress has made in assigning to Brahmans and Brahaminism all that is found otherwise inexplicable to her in regard to woman in India. "Woe to the Brahmans" cries she. Mrs. Das should read more, and ponder better before she ventures on another work on India. Apart from this, there is much in it to interest Indians and foreigners. For instance, the account the authoress has given of the part played by women in the recent history of India—the movement for winning freedom for the country—is told thrillingly. The picture of women in the Zenana is too general to prove helpful. Not all families are of the type described in it. But such lapses are excusable in one like the authoress. The suggestion that "English people, *as individuals*, rejoice over every gain and wholeheartedly back up the aims and aspirations of Indian women" has still to be proved. If as individuals they are so, why do they—or should they—lag behind as a nation? It would, perhaps, be news to her that the *devadasi* system had an origin entirely different from what she imagines it to have had. If degeneracy overtook it, it has to be set down to the loss of control over temples by the people themselves owing to the change in the character of the Government. The centralization of powers in the hand and the divorce of government from the social and religious life of the people which has occurred within the past 100 years, have had their full effect in turning the "servant of God" into the "servant of man"—of debased man. That seems a pity but there is the fact. Yet Mrs. Das is a believer in the high destiny of women in India. According to her, the Indian woman's "greatest pride is always that they (their deals) are rooted in the high traditions of their ancient land." We have a contrast in studies in this volume of two women—Sister Nivedita and Maiden-aunt Mayo, as Mrs. Das calls that despicable vilifier of Hindus. That should be read by those who desire to know a disinterested woman's opinion. But one sentence may be quoted:—"Sister Nivedita's memory will for ever be cherished in India, Maiden-aunt Mayo's for ever loathed." Mrs. Das sets down the recent rise of Indian women to "the purifying influence of Mahatma Gandhi." That is both correct and just. Though the Indian women's problem is a complex one, Mrs. Das has tried—not a little successfully—to prove it. She concludes: "But one thing will remain: the age old search! The woman of modern India will merely alter its outward form instead of the ancient path of abnegation, she may find fresh ways of approach, a new and joyous realization of the ancient idea—'Be thou a Sita—a perfect wife and mother'." That is truly refreshing.

Socrates Persists in India.

By F. L. Brayne, I.C.S. The Oxford University Press, Bombay. Price Re 1-4.

Dedicated to the Punjab Villager, enriched by eight cartoons by Lynton Lamb and produced in fine style, this volume is bound to go far in making Mr. Brayne's words more persistent than ever. And it well deserves to. For, is it not intended to help the villager—to make a new man of him and to create a new heaven for him too and that through his own hands and eyes? Mr. Brayne urges hard work, self-help, personal service and organization for village uplift. And he sums up his *mantra* in the two words "get together". A fine practical book that deserves to be done into the Indian vernaculars for a wider circulation. An useful glossary of words appears at the end of the volume.

Navina Vidyabhyasa.

By M. Venkobachar, B.A., B.T., Mysore Educational Department. Subodha Press, Bangalore. Published by the Author.

Written in Kannada, this book dealing with modern developments in education deserves to be widely read in the Kannada-speaking districts of Mysore, Madras and Bombay, besides Coorg and Haiderabad. The author shows considerable skill in dealing with the different topics to which the book is primarily devoted. Both the mode of treatment and the Kannada style employed are worthy of high praise. The illustrations add to the value of the publication. It deserves to be placed in the hands of teachers of both sexes and adopted as a text-book for teachers under training. If trained teachers are a necessity, books of this kind form a *sine qua non* for their rapid production. Herein is the chief value of this book. It really points the way—and the respective Departments of Education should be able to do the rest. A handy, well-written and topically illustrated book on educational methods of merit.

The part played by books in difficult times is stressed by the Libraries Committee of the Bermondsey Zorough Council. "The economic crisis has resulted in many persons having enforced leisure to which they are unaccustomed," the report says, "and the proper use of this leisure is a vital problem of to-day. Happily it has been found that many individuals have turned to the libraries for help, interest and recreation." The total number of books issued to the public in Bermondsey during the year was 552,629, an increase of 36,965 over the previous year.

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